

TOWN OF PORTSMOUTH, RHODE ISLAND

COMPREHENSIVE FINANCIAL STATEMENT

Fiscal Year Ended June 30, 2018



Richard A. Rainer Jr.
Town Administrator

Lisa M. Mills
Finance Director

Town of Portsmouth, Rhode Island

Fiscal Year Ended June 30, 2018

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Introductory Section



Town of Portsmouth, Rhode Island

2200 East Main Road, Portsmouth, RI 02871

Richard Rainer, *Town Administrator*

Lisa Mills, *Finance Director*

December 27, 2018

To the Citizens of Portsmouth, Rhode Island

The Comprehensive Annual Financial Report of the Town of Portsmouth, Rhode Island for the fiscal year ended June 30, 2018, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants licensed to practice in the State of Rhode Island.

This report consists of management's representations concerning the finances of the Town of Portsmouth, Rhode Island. Consequently, management assumes full responsibilities for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the government's accounts from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Portsmouth's financial statements have been audited by Hague, Sahady, & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Portsmouth for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved the following: examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Portsmouth's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Portsmouth was part of the broader, federal mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentations of the financial statements, but also on the audited government’s internal controls and legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are issued separate of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Portsmouth’s MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

General

The Town of Portsmouth, established in 1638 and incorporated as a town in 1640, had a population of 17,389 in 2010 and is located approximately 20 miles southeast of Providence. The Town occupies the northern portion of Aquidneck Island and is bordered by the Town of Bristol on the north, the Town of Middletown on the south, the Town of Tiverton on the east and Narragansett Bay on the west. The Town limits extend over an area of 59.3 miles, including a land area of 23.2 square miles and an inland water area of 36.1 square miles. Routes 138 and 114 are major highways connecting the Town to I-195, I-95, Route 24 and the entire northeast corridor. Air transportation is available at the Newport State Air Park in Middletown which provides charter air service to all major airports in New England and New York. The state’s major airport facility is located in the City of Warwick, approximately 30 miles from the Town. Nationwide intercity rail passenger service is offered through AMTRAK’s Providence station. Freight transportation is provided by railroads, local and long-distance trucking firms and bus lines. The nearby Port of Providence provides the Town with excellent shipping facilities.

Government

The Town is governed by a seven-member Town Council, elected biannually in even years, and an appointed Town Administrator. The Town operates under a Home Rule Charter wherein all powers of government are vested in the elected Town Council. The Council may enact local legislation subject only to the limitations imposed by the Charter, the State Constitution and the General Laws. Under the Charter, the Council determines policy, enacts law and appoints the Town Administrator.

The Town Administrator is the chief executive officer and the head of the administrative branch of the Town government. The Town Administrator is responsible for the following: carrying out the policies of the Town Council, overseeing the day to day operations of the Town and appointing all other employees, except the Town Clerk (an elected position) and School District personnel.

The Town provides a full range of municipal services as follows: public safety protection, the construction and maintenance of highways, streets and other infrastructure; recreational facilities, planning and zoning, education and administrative services. In addition, the Town operates a solid waste facility.

The annual budget serves as the foundation for the Town's financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Administrator each year. The School Committee submits the proposed school budget.

The Town Administrator uses these requests as the starting point for developing a proposed budget. It is the responsibility of the Town Administrator to submit a proposed budget for the following year to the Town Council on or before April 1 of each year. The Town Council holds several budget work sessions to discuss the details of the proposed budget document. The Town Council may revise and adopt a preliminary budget not later than 30 days after the submission of the Town Administrator's proposed budget. In June at a regular Town Council meeting, the Council adopts the final Town budget by ordinance.

Within two (2) weeks of the adoption of the final Town budget, any qualified elector of the town may circulate a petition request that a referendum be held on the final budget as approved by the Town Council. If no petition is filed within the designated time frame, the budget is considered adopted. If there is a petition, a referendum must be held not less than thirty-five (35) nor more than forty-five (45) days from the certification of the signatures on the petition.

The appropriated budget is prepared by fund, major program function (e.g., public safety) and department (e.g., police). Department heads may make a transfer of appropriation within a department. Transfer of a major program function may be made by the Town Administrator, provided that proper notification is given to the Town Council.

Budget to actual comparisons are provided in this report for the general fund and school unrestricted fund on pages 111-113 and 132-133, respectively.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statement is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Portsmouth operates.

Local Economy

Portsmouth is surrounded by water which has been the major factor in creating the Town's impressive history as a leader in the marine trades industry. There are 39 companies of varying sizes located in Portsmouth engaged in marine and related services and manufacturing. The State of Rhode Island has designated the marine industry as one of five key sectors for economic growth in the State.

The 56-acre Portsmouth Business Park is home to a mix of light industrial manufacturing firms. The convenient location with immediate access to Route 24 places the Park in a strategic location for light industrial markets and labor supply. There are 23 companies located in the park.

Portsmouth's largest employer is the Integrated Defense Systems division of Raytheon Company. Current employment on the 150 acre campus is 1,175. This division is primarily involved in the research, development and manufacture of sonar and other shipboard and airborne electronic tracking systems. Excess Navy land in the Melville Marine District was approved for release to bolster the local marine trades. In cooperation with the Town, Commerce RI (the State's primary economic development agency) has been working in a partnership with marine companies to complete the transfer of the former Navy fueling facility. The prime waterfront land will be key in stimulating expansion of the existing and new marine trades.

Pension and Other Post-Employment Benefits

Portsmouth has moved away from defined benefit type pensions. All new employees participate in a defined contribution (401 type) plan. There are grandfathered employees who are either in a defined benefit plan or a hybrid of defined benefit and defined contribution plans. All pension plans are locally administered plans, except for the Teachers who participate in the State administered plan.

In accordance with Rhode Island General Law, the Town submitted its Funding Improvement Plan (FIP) to the Locally-Administered Pension Plans Study Commission. The plan's funded ratio was 57.8% as of the July 1, 2018 report. It should be noted that the Town assumes a return on investment of 6.75%, which is lower than the recommended rate of 7.50%

Portsmouth has a net OPEB liability of \$21,878,757 (\$18,463,934 for the Town and \$3,414,823 for the School Department). The Town has established an OPEB Trust. As of the July 1, 2017 report, this trust is funded 6.6% for the Town and 0% for the School Department.

Other

Portsmouth believes in transparency and the accountability it inspires. This is the third year that the Town's annual audit is presented in the form of Comprehensive Annual Financial Report. The Town has redesigned its monthly budget reports and publishes them on the Town's website, along with other financial data such as debt service schedules, monthly check registers and actuary reports.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Town and School finance departments. Credit must also be given to the Town Council and the School Committee for their unfailing support for achieving and maintain the highest standards of professional management of the Town of Portsmouth's finances.

Respectfully submitted,

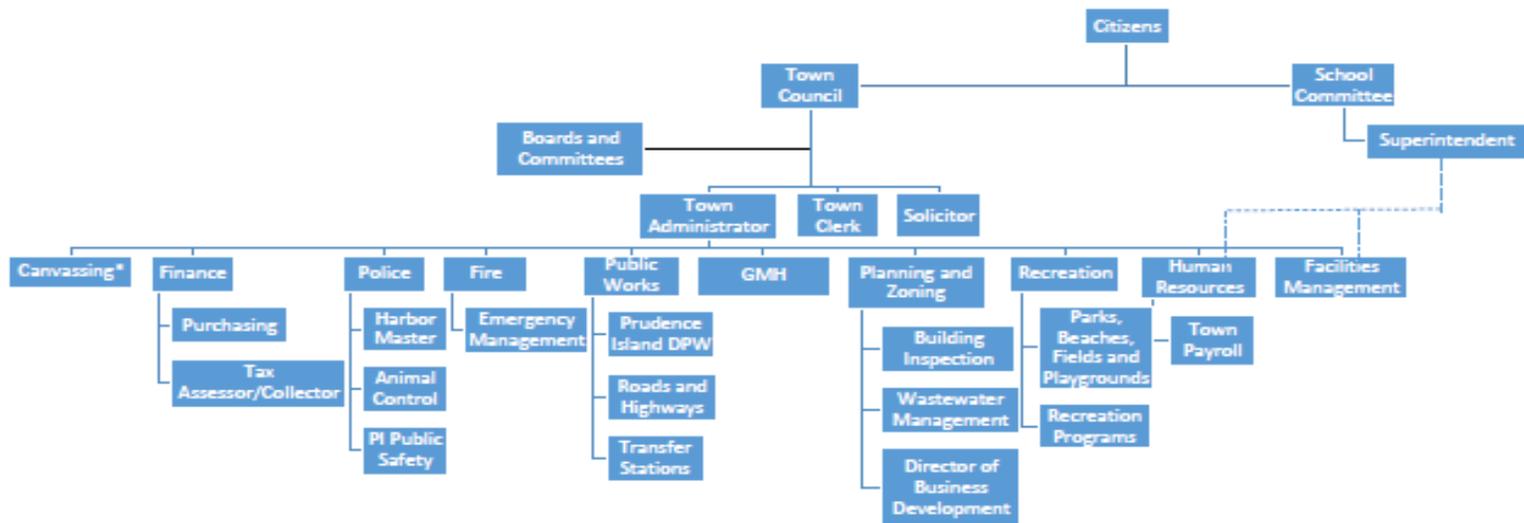


Richard A. Rainer
Town Administrator



Lisa Mills
Finance Director

Organizational Chart





Portsmouth Town Council

Kevin M. Aguiar, President

Linda L. Ujifusa, Vice-President

Daniela T. Abbott

Len Katzman

Andrew V. Kelly

Keith E. Hamilton

J. Mark Ryan



Elected Town Officials

School Committee

Emily A. Copeland, Vice Chair

Frederick Faerber, III

Catherine Holtman

Allen J. Shers

Thomas R. Vadney

Open Seat – TBD

Open Seat – TBD

Town Clerk

Jennifer M. West



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Portsmouth
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Financial Section

This Section contains the Following Subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

CERTIFIED PUBLIC ACCOUNTANTS
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The Honorable Members of the Town Council
Town of Portsmouth, Rhode Island

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Portsmouth, Rhode Island as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Portsmouth, Rhode Island, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, pension related disclosure, and other post-employment benefit related disclosure on pages 14-25 and 110-129, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Portsmouth, Rhode Island's financial statements. The supplementary combining financial statements, other budgetary comparison information, tax collector's annual report and Annual Supplemental Transparency Report (MTP2) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary combining financial statements, other budgetary comparison information, tax collector's annual report, and Annual Supplemental Transparency Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary combining financial statements, other budgetary comparison information, tax collector's annual report and Annual Supplemental Transparency Report are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the Town of Portsmouth, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Portsmouth, Rhode Island's internal control over financial reporting and compliance.

Hague, Sabady & Co. PC

Fall River, Massachusetts
December 26, 2018

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

As management of the Town of Portsmouth, we offer the readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2018. We encourage the readers to consider the information presented here in conjunction with the letter of transmittal on pages 2-5 of this report as well as the Town's basic financial statements that follow this section.

Financial Highlights

- The net position of the Town decreased by \$1,080,932 (or 2.1%). The governmental net position decreased by \$866,866 (or 1.7%) and the business-type net position decreased by \$214,066 (or 209.3%).
- The governmental activities revenue increased from prior year by \$1,391,143 (or 2.1%) and the change in net position from governmental activities decreased from prior year by \$1,633,730. The results of governmental activities produced a decrease in net position of \$866,866 in fiscal year 2018 compared to a net position increase of \$766,864 in fiscal year 2017.
- The business-type activities revenue decreased by \$133,289 (or 8.8%) and the change in net position from business-type activities decreased from prior year by \$543,004. In fiscal year 2018, the results of business-type activities produced a decrease in business-type net position of \$214,066 compared to an increase in net position of \$328,938 in fiscal year 2017.
- Government-Wide liabilities and deferred inflows of resources of the Town of Portsmouth exceeded its assets and deferred outflows of resources at the end of the fiscal year ended June 30, 2018 by \$51,683,095.
- The General Fund (the main operating fund) reflected on a current financial resource basis, reported an increase in fund balance of \$293,198 (or 3.2%) for fiscal year 2018 compared to a \$450,107 increase in the prior year.
- The Town's total liabilities decreased by \$6,423,001 from prior year. The decrease is primarily due a decrease of \$2,818,791 in OPEB liability, as well as long term debt principal payments totaling \$1,658,066. There was also a \$542,756 decrease in the State's teacher pension liability. The majority of the remaining decrease is due to timing for accounts payable and interfund enterprise activity.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components:

- Government-wide financial statements
- Fund financial statements; and
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on the entire Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of *the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (examples are, uncollected taxes and earned but unused vacation time).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, streets and highways, education, beach and recreation. The business-type activities of the Town include the Wind Turbine Generator fund, Transfer Station fund, School Lunch fund and Septic System Loan Program fund.

The government-wide financial statements can be found on pages 26-29 of this report.

In the statement of activities, the operations of the Town are presented in a format that reports the net of expenses and revenues of its individual functions – the objective being to report the relative burden of each of the Town's functions to the taxpayers. Revenues offsetting related functional expenses are separated into three categories: charges for services, operating grants and contributions, and capital grants and contributions.

Town of Portsmouth, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Overview of the Financial Statements (continued)

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Town Capital Project Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Fund data for each of these non-major governmental funds is provided in the form of combining statements included in the other supplementary information.

The Town adopts an annual appropriated budget for its General Fund and School Unrestricted Fund. Budgetary comparison statements have been provided for the General Fund and the School Department to demonstrate compliance with this budget. These comparison statements can be found on pages 111-113 and 132-133 of this report.

The basic governmental fund financial statements can be found on pages 30-31 of this report.

Proprietary funds. Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town has six proprietary funds. The Transfer Station accounts for the solid waste operations of the town. The main transfer station is located on Hedley Street. An additional transfer station is located on Prudence Island to serve the citizens living there. The Wind Turbine Generator Fund accounts for

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Overview of the Financial Statements (continued)

activities associated with the Town owned wind turbine. During fiscal year ended June 30, 2016 the Town had disposed of the wind turbine as it has not been in operation for years. The other proprietary funds are the School Lunch Fund, Summer School Fund, Septic System Loan Program Fund and the Glen Farm Equestrian Fund. The Town has no internal service funds.

The basic proprietary fund financial statements can be found on pages 35-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-110 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which presents schedules relating to the Town's pension and other postemployment benefit plans, as well as budgetary comparison schedules for the General Fund to demonstrate compliance with their respective budgets. Required supplementary information can be found on pages 111-130 of this report.

Required supplementary information. In addition to the basic financial statements, accompanying notes, and required supplementary information this report also presents certain *supplementary information* which presents thee budgetary comparison information for the school unrestricted fund, combining financial statement information, tax collector's annual report and the annual supplemental transparency report (MTP2). Supplementary information can be found on pages 131-137 of this report.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis

**Statement of Net Position
June 30, 2018 and 2017**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current assets	\$ 36,574,991	\$ 49,535,022	\$ 2,444,347	\$ 2,276,926	\$ 39,019,338	\$ 51,811,948
Other assets	3,013,282	3,817,161	-	-	3,013,282	3,817,161
Capital assets	<u>43,344,524</u>	<u>39,432,572</u>	<u>655,725</u>	<u>407,138</u>	<u>44,000,249</u>	<u>39,839,710</u>
Total assets	<u>82,932,797</u>	<u>92,784,755</u>	<u>3,100,072</u>	<u>2,684,064</u>	<u>86,032,869</u>	<u>95,468,819</u>
Deferred outflows of resources						
Pension related outflows	10,888,479	11,487,156	-	-	10,888,479	11,487,156
OPEB related outflows	1,894,007	2,467,338	-	-	1,894,007	2,467,338
Other deferred outflows	<u>69,653</u>	<u>99,504</u>	<u>-</u>	<u>-</u>	<u>69,653</u>	<u>99,504</u>
Total deferred outflows of resources	<u>12,852,139</u>	<u>14,053,998</u>	<u>-</u>	<u>-</u>	<u>12,852,139</u>	<u>14,053,998</u>
Liabilities						
Current liabilities	20,304,327	28,812,708	2,619,642	2,117,238	22,923,969	30,929,946
Long-term liabilities	<u>118,394,918</u>	<u>122,407,380</u>	<u>592,204</u>	<u>464,534</u>	<u>118,987,122</u>	<u>122,871,914</u>
Total liabilities	<u>138,699,245</u>	<u>151,220,088</u>	<u>3,211,846</u>	<u>2,581,772</u>	<u>141,911,091</u>	<u>153,801,860</u>
Deferred inflows of resources						
Pension related inflows	5,653,475	5,879,167	-	-	5,653,475	5,879,167
OPEB related inflows	<u>3,003,537</u>	<u>443,953</u>	<u>-</u>	<u>-</u>	<u>3,003,537</u>	<u>443,953</u>
Total deferred inflows of resources	<u>8,657,012</u>	<u>6,323,120</u>	<u>-</u>	<u>-</u>	<u>8,657,012</u>	<u>6,323,120</u>
Net Position						
Net investment in capital assets	18,492,317	12,808,535	287,681	246,923	18,779,998	13,055,458
Restricted	9,539,508	13,224,782	182,330	135,043	9,721,838	13,359,825
Unrestricted	<u>(79,603,146)</u>	<u>(76,737,772)</u>	<u>(581,785)</u>	<u>(279,674)</u>	<u>(80,184,931)</u>	<u>(77,017,446)</u>
Total net position	<u>\$ (51,571,321)</u>	<u>\$ (50,704,455)</u>	<u>\$ (111,774)</u>	<u>\$ 102,292</u>	<u>\$ (51,683,095)</u>	<u>\$ (50,602,163)</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Portsmouth, the net position is \$(51,683,095) as of June 30, 2018 consisting of \$(51,571,321) from governmental activities and \$(111,774) from business-type activities. For the fiscal year ended June 30, 2018 \$(80,184,931) of the total \$(51,683,095) in the net position is unrestricted.

Net investment in capital assets comprises \$18,779,998 of net position at June 30, 2018, respectively. This category reflects the total invested in capital assets (vehicles, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources since the capital asset cannot be used to liquidate these liabilities.

The second category of net position, restricted net position, represents net position that is subject to external restriction on how it may be used (i.e., special revenue funds, capital project funds and recycling). Restricted net position as of June 30, 2018 totaled \$9,721,838.

The current and other assets are \$47,500,388 at June 30, 2018. Of that balance \$45,056,041 is from governmental activities and \$2,444,347 is from business-type activities. The total current and other assets consist of the following: \$18,245,307 of cash and cash equivalents, restricted cash held in escrow and investments, \$1,504,425 of property tax receivable, \$538,417 of ambulance receivables, \$741,626 of receivable due from federal and state governments, \$21,782,989 of interfund receivables, \$3,013,282 of net pension asset and \$1,674,342 of other assets.

The current liabilities are \$28,391,737 at the end of fiscal year 2018. Of that balance, \$25,772,095 is from governmental activities and \$2,619,642 is from business-type activities. The total current liabilities consist of \$3,558,499 of short term payables, \$3,050,249 of short term payables related to borrowing, and \$21,782,989 of interfund liabilities.

The long-term liabilities are \$118,987,122 at June 30, 2018. Of that balance \$118,394,918 is from governmental activities and \$592,204 is from business-type activities. The total long-term liabilities consist of \$1,608,291 of accrued compensated absences, \$21,878,757 of net OPEB liability, \$72,639,920 of net pension liability and \$22,860,154 of net long-term liabilities.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

	Statement of Activities					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for service	\$ 5,421,252	\$ 5,023,335	\$ 1,179,304	\$ 1,206,416	\$ 6,600,556	\$ 6,229,751
Operating grants & contributions	8,142,481	9,035,994	218,628	331,602	8,361,109	9,367,596
Capital grants & contributions	11,021	-	-	-	11,021	-
General Revenues:						
Property taxes	52,466,837	51,008,411	-	-	52,466,837	51,008,411
State aid to town	1,682,968	1,316,242	-	-	1,682,968	1,316,242
Other revenue	48,410	61,917	-	-	48,410	61,917
Earnings on investments	103,984	39,911	(10,461)	(17,258)	93,523	22,653
Total revenues	<u>67,876,953</u>	<u>66,485,810</u>	<u>1,387,471</u>	<u>1,520,760</u>	<u>69,264,424</u>	<u>68,006,570</u>
Expenses						
General government	7,402,421	5,631,833	-	-	7,402,421	5,631,833
Public safety	12,902,054	13,531,332	-	-	12,902,054	13,531,332
Public services	4,242,174	3,384,612	-	-	4,242,174	3,384,612
Education	42,132,819	40,978,207	-	-	42,132,819	40,978,207
Community services	1,164,372	1,297,889	-	-	1,164,372	1,297,889
Interest on debt	838,661	640,732	-	-	838,661	640,732
School cafeteria fund	-	-	728,816	752,768	728,816	752,768
Transfer station	-	-	924,230	682,031	924,230	682,031
Summer school	-	-	-	10,470	-	10,470
Septic system loan program	-	-	743	894	743	894
Glen manor equestrian	-	-	9,066	-	9,066	-
Total expenses	<u>68,682,501</u>	<u>65,464,605</u>	<u>1,662,855</u>	<u>1,446,163</u>	<u>70,345,356</u>	<u>66,910,768</u>
Excess(deficiency) in net assets						
before transfers	(805,548)	1,021,205	(275,384)	74,597	(1,080,932)	1,095,802
Transfers in (out)	<u>(61,318)</u>	<u>(254,341)</u>	<u>61,318</u>	<u>254,341</u>	<u>-</u>	<u>-</u>
Change in net position	(866,866)	766,864	(214,066)	328,938	(1,080,932)	1,095,802
Net position, July 1,	<u>(50,704,455)</u>	<u>(51,471,319)</u>	<u>102,292</u>	<u>(226,646)</u>	<u>(50,602,163)</u>	<u>(51,697,965)</u>
Net position, June 30	<u>\$ (51,571,321)</u>	<u>\$ (50,704,455)</u>	<u>\$ (111,774)</u>	<u>\$ 102,292</u>	<u>\$ (51,683,095)</u>	<u>\$ (50,602,163)</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Government-wide Financial Analysis (continued)

General revenues include all revenues not required to be reported as program revenues. The totals of general revenues in the governmental activities for the fiscal year 2018 and 2017 were \$54,302,199 and \$52,426,481, respectively. Included in these totals were \$52,466,837 and \$51,008,411 of property taxes for the years ended June 30, 2018 and 2017, respectively. There is immaterial general revenue in the business-type activities as it should be program/function specific.

Expenses are presented by function and total \$70,345,356 and \$66,910,768 for the years ended June 30, 2018 and 2017, respectively. In fiscal years 2018 and 2017, expenses in the governmental activities were \$68,682,501 and \$65,464,605, respectively. In fiscal years 2018 and 2017, the business-type activities, expenses were \$1,662,855 and \$1,446,163, respectively.

Changes in governmental net position were a decrease of \$866,866 and an increase of \$766,864 in fiscal years 2018 and 2017, respectively. Changes in the business type net position were a decrease of \$214,066 and an increase of \$328,938 in fiscal years 2018 and 2017, respectively.

Financial Analysis of the Town of Portsmouth's Funds

As noted earlier, the Town of Portsmouth uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the Town of Portsmouth governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$17,958,917. Approximately 33.3% or \$5,987,290 is available from the Town's fund balance for spending at the government's discretion. The remaining fund balance of \$11,971,627 includes \$982,055 non-spendable for prepaid items, inventory and permanent funds, \$9,539,508 restricted to specific programs and \$1,450,064 committed and assigned.

The General Fund is the chief operation fund of the Town of Portsmouth. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,317,622, while the total fund balance of the General Fund was \$9,204,793. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to the total General Fund budgeted expenditures. Unassigned fund balance represents 12.8% of the FY 2018 Adopted General Fund Expenditure Budget. Total fund balance represents 16.0% of the same budget.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Financial Analysis of the Town of Portsmouth's Funds (continued)

The \$3,614,498 current fiscal year decrease in fund balance (including \$4,898,458 of capital expenditures) of the Town's Capital Project Fund (one of major governmental funds) is due to capital expenditures related to a fiscal 2017 bond issuance.

The School Unrestricted fund, which is a portion of the general fund had ending fund balance of \$1,458,313, which includes a committed fund balance of \$928,995 at June 30, 2018. The committed fund balance represents 2.4% of total School Department expenditures of \$39,526,953. The School Unrestricted fund balance decreased by \$234,176 during the fiscal year ended June 30, 2018. The excess of expenditures over revenue is primarily due to the timing of State reimbursements.

The Town is reporting one of its capital projects funds as a major fund in fiscal year 2018. This major fund began fiscal year 2018 with a fund balance of \$10,716,755. The fund recognized \$4,898,458 worth of capital outlay expenditures in 2018, net of proceeds from capital leases of \$388,580 and transfers in of \$895,230 ultimately reducing fund balance by \$3,614,498. This fund reported a fund balance at year end of \$7,102,257, all of which is classified as restricted for capital expenditures.

The Other Governmental Funds had a total fund balance of \$1,651,867, which represents a \$357,918 decrease in fund balance during the fiscal year ended June 30, 2018. The decrease in fund balance is primarily due to the excess of expenditures over revenue in the in the Town Capital Projects funds of \$643,543 and excess of expenditures over revenue in the Town Special Revenue funds of \$477,924 (\$325,000 transferred to the general fund to cover school impact fee debt principal and interest payments) offset by excess of revenues over expenditures in the School Capital Projects funds of \$885,683 (Phase 2 increase of \$931,400 due to transfers from the School Unrestricted fund and various other special revenue and capital project funds, net of related capital costs).

Proprietary funds. The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the School Cafeteria Fund at June 30, 2018 amounted to \$199,467, of which \$114,620 is unrestricted. Transfer Station Fund net position amounted to \$36,400, of which \$(166,434) is unrestricted. Wind Turbine Generator Fund net position amounted to \$(387,418), of which \$(387,418) is unrestricted. Summer School net position amounted to \$(234), of which \$(234) is unrestricted. Septic System Loan Program Fund net position amounted to \$26,577, of which \$(155,753) is unrestricted. Glen Farm Equestrian Fund net position amounted to \$13,434, of which \$13,434 is unrestricted. The total growth in net position for each of the six funds was \$1,606, \$(278,446), \$0, \$0, \$53,840 and \$8,934, respectively. Other factors concerning the finances of these six funds have already been addressed in the discussion of the Town's business-type activities.

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Town General Fund Budgetary Highlights

Overall, the Town of Portsmouth, Rhode Island finished the 2017-2018 fiscal year with a budgetary surplus of \$527,374.

General Fund Revenue Factors:

- Lower than budgeted tax revenue (including prior year collections) of \$94,339 – this is under budget by .18%;
- Favorable motor vehicle excise of \$217,477;
- Favorable fees and license revenue of \$272,728 primarily related to favorable clerk fees of \$144,457 and favorable building inspection fees of \$131,399; and,
- Lower than budgeted school housing aid of \$94,276.

Expenditure Factors:

- Human resource related expenditures were over budget by \$402,139 due to OPEB expenditures and unanticipated sick and vacation time payouts;
- Lower than budgeted public works and snow and road expenditures of \$210,214;
- Lower than budgeted police expenditures of \$264,209; and,
- Higher than budgeted fire expenditures of \$161,578.

School Department Unrestricted Fund Budgetary Highlights

Overall, the Portsmouth School Department finished the 2017-2018 fiscal year with a budgetary surplus of \$553,305.

Major General Fund Revenue Factors:

- Increase of \$449,202 in current year appropriation for increased operating costs and to replace lost state aid due to the implementation of the new funding formula;
- Actual tuition revenue exceeded budgeted amount by \$120,161; and,
- Impact aid revenue exceeded budgeted amount by \$66,634

Major Expenditure Factors:

- Budgeted salaries and benefits exceeding actual by \$222,560
- Budgeted purchased services exceeding actual by \$126,749, including \$70,223 of tuition to other districts in the State
- Actual capital outlay exceeding budget by \$85,278

Town of Portsmouth, Rhode Island

Management Discussion & Analysis (MD&A)

For the Year Ended June 30, 2018

Capital Assets and Debt Administration

Capital Assets -The Town of Portsmouth's capital assets for its government and business-type activities as of June 30, 2018 amount to \$44,000,249 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park and recreation facilities, infrastructure and construction in progress. Additional information on the Town of Portsmouth's capital assets can be found in Note 4 (pages 68-69) to the financial statements.

**TOWN OF PORTSMOUTH'S CAPITAL ASSETS AT YEAR END
NET OF ACCUMULATED DEPRECIATION**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and land easements	\$ 6,175,279	\$ 6,175,279	\$ 37,251	\$ 37,251	\$ 6,212,530	\$ 6,212,530
Construction in progress	3,922,054	245,864	-	-	3,922,054	245,864
Land improvements, net	484,523	548,591	-	-	484,523	548,591
Building & improvements, net	13,982,201	13,711,202	417,912	201,830	14,400,113	13,913,032
Machinery and equipment, net	3,946,072	3,964,298	200,562	168,057	4,146,634	4,132,355
Infrastructure, net	12,524,089	12,520,266	-	-	12,524,089	12,520,266
Vehicles, net	<u>2,310,306</u>	<u>2,267,072</u>	<u>-</u>	<u>-</u>	<u>2,310,306</u>	<u>2,267,072</u>
Total	<u>\$ 43,344,524</u>	<u>\$ 39,432,572</u>	<u>\$ 655,725</u>	<u>\$ 407,138</u>	<u>\$ 44,000,249</u>	<u>\$ 39,839,710</u>

Debt Administration - At the end of the current fiscal year, the Town of Portsmouth had total bonded debt outstanding of \$24,208,975 and capital leases outstanding of \$1,405,929, entirely backed by the full faith and credit of the Town. Additional information on the Town of Portsmouth's debt obligations can be found in Note 7 (pages 70-71) to the financial statements.

**TOWN OF PORTSMOUTH'S OUTSTANDING DEBT AT YEAR END
BONDS, LOANS AND CAPITALIZED LEASES PAYABLE**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bonds and notes payable	\$ 23,744,440	\$ 25,475,364	\$ 464,535	\$ 529,468	\$ 24,208,975	\$ 26,004,832
Capital leases	<u>1,177,420</u>	<u>978,110</u>	<u>228,509</u>	<u>-</u>	<u>1,405,929</u>	<u>978,110</u>
Total	<u>\$ 24,921,860</u>	<u>\$ 26,453,474</u>	<u>\$ 693,044</u>	<u>\$ 529,468</u>	<u>\$ 25,614,904</u>	<u>\$ 26,982,942</u>

Town of Portsmouth, Rhode Island
Management Discussion & Analysis (MD&A)
For the Year Ended June 30, 2018

Capital Asset and Debt Administration (continued)

State statutes limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. The Town of Portsmouth has a policy that places the limit at 2 percent of net assessed property values and the ratio of annual debt service payments shall not exceed 15% of the operating budget's expenditures. Bonds approved by the State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2018, the Town had a debt limit of \$101,000,882 at the State level and \$67,333,921 at a local level.

In October of 2015 the Town of Portsmouth was rated as part of a bond offering. Standard and Poor's rated the Town of Portsmouth at AAA, the highest rating. Moody's Investors Services rated the Town at Aa2.

Economic Factors

The Town of Portsmouth's total proposed General Fund budget for fiscal year 2019 amounts to \$63,253,183, which reflects an increase of 2.24% over the fiscal 2018 budget. Of the Town's \$63,253,183 budget, \$37,036,296 or 58.55% is budgeted for the Portsmouth Public Schools. The Town is budgeted to receive \$4,190,058 or 6.62% from the State of Rhode Island for aid for Education.

The Town's tax rate for fiscal year 2019 is \$15.97 per thousand vs \$15.42 per thousand in fiscal year 2018.

Requests for Information

This financial report is designed to provide a general overview of the Town of Portsmouth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 2200 East Main Road, Portsmouth, RI 02871.

Town of Portsmouth, Rhode Island

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,164,261	\$ 3,695	\$ 9,167,956
Restricted cash	-	182,330	182,330
Investments	8,895,021	-	8,895,021
Receivables, net			
Personal property taxes	1,504,425	-	1,504,425
User charges	538,417	142,357	680,774
Intergovernmental	698,958	42,668	741,626
Departmental and other	688,430	4,437	692,867
Due from other funds	14,267,057	2,048,164	16,315,221
Prepaid expenses	747,981	-	747,981
Inventory	70,441	20,696	91,137
Net pension asset	3,013,282	-	3,013,282
Capital assets:			
Nondepreciable assets	10,097,333	37,251	10,134,584
Depreciable assets, net	33,247,191	618,474	33,865,665
Total capital assets	43,344,524	655,725	44,000,249
Total assets	82,932,797	3,100,072	86,032,869
DEFERRED OUTFLOWS OF RESOURCES			
Pension related outflows	10,888,479	-	10,888,479
OPEB related outflows	1,894,007	-	1,894,007
Loss on debt refunding	69,653	-	69,653
Total assets and deferred outflows of resources	\$ 95,784,936	\$ 3,100,072	\$ 98,885,008

The accompanying notes are an integral part of this statement

Continued
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Town of Portsmouth, Rhode Island

Statement of Net Position

June 30, 2018

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,778,367	\$ 53,968	\$ 2,832,335
Other liabilities	484,032	-	484,032
Accrued interest	292,455	3,044	295,499
Due to other funds	13,853,431	2,461,790	16,315,221
Current portion of capital leases	445,986	35,906	481,892
Current portion of bonds and notes payable	2,207,924	64,934	2,272,858
Current portion of compensated absences	242,132	-	242,132
Portion due or payable in more than one year:			
Capital leases	731,434	192,603	924,037
Bonds and notes payable	21,536,516	399,601	21,936,117
Compensated absences	1,608,291	-	1,608,291
Net other post-employment benefit liability	21,878,757	-	21,878,757
Net pension liability	<u>72,639,920</u>	<u>-</u>	<u>72,639,920</u>
Total liabilities	<u>138,699,245</u>	<u>3,211,846</u>	<u>141,911,091</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows	5,653,475	-	5,653,475
OPEB related inflows	<u>3,003,537</u>	<u>-</u>	<u>3,003,537</u>
Total deferred inflows of resources	<u>8,657,012</u>	<u>-</u>	<u>8,657,012</u>
NET POSITION			
Net investment in capital assets	18,492,317	287,681	18,779,998
Restricted for general government	290,730	-	290,730
Restricted for public safety programs	151,553	-	151,553
Restricted for educational purposes	283,973	-	283,973
Restricted for public works and social services	42,454	-	42,454
Restricted for community services	4,588	-	4,588
Restricted for capital projects	8,766,210	-	8,766,210
Restricted for septic system	-	182,330	182,330
Unrestricted	<u>(79,603,146)</u>	<u>(581,785)</u>	<u>(80,184,931)</u>
Total net position	<u>(51,571,321)</u>	<u>(111,774)</u>	<u>(51,683,095)</u>
Total liabilities, deferred inflows or resources and net position	<u>\$ 95,784,936</u>	<u>\$ 3,100,072</u>	<u>\$ 98,885,008</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Activities

For the Year Ended June 30, 2018

	<u>Net (Expense) Revenue and Changes in Net Position</u>						
	<u>Program Revenues</u>				<u>Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 7,402,421	\$ 1,301,265	\$ 18,425	\$ -	\$ (6,082,731)	\$ -	\$ (6,082,731)
Public safety	12,902,054	1,296,168	146,036	-	(11,459,850)	-	(11,459,850)
Public services	4,242,174	1,312,384	20,693	-	(2,909,097)	-	(2,909,097)
Education	42,132,819	1,457,114	7,843,474	11,021	(32,821,210)	-	(32,821,210)
Community services	1,164,372	54,321	113,853	-	(996,198)	-	(996,198)
Interest on debt	838,661	-	-	-	(838,661)	-	(838,661)
Total governmental activities	<u>68,682,501</u>	<u>5,421,252</u>	<u>8,142,481</u>	<u>11,021</u>	<u>(55,107,747)</u>	<u>-</u>	<u>(55,107,747)</u>
Business-Type Activities							
School cafeteria fund	728,816	505,390	218,628	-	-	(4,798)	(4,798)
Transfer station	924,230	649,039	-	-	-	(275,191)	(275,191)
Wind turbine generator fund	-	-	-	-	-	-	-
Summer school	-	-	-	-	-	-	-
Septic system loan program	743	6,875	-	-	-	6,132	6,132
Glen manor equestrian	9,066	18,000	-	-	-	8,934	8,934
Total business-type activities	<u>1,662,855</u>	<u>1,179,304</u>	<u>218,628</u>	<u>-</u>	<u>-</u>	<u>(264,923)</u>	<u>(264,923)</u>
Total Town of Portsmouth	<u>\$ 70,345,356</u>	<u>\$ 6,600,556</u>	<u>\$ 8,361,109</u>	<u>\$ 11,021</u>	<u>\$ (55,107,747)</u>	<u>\$ (264,923)</u>	<u>\$ (55,372,670)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Statement of Activities

For the Year Ended June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
General revenues			
Real estate and personal property, net of reserve for abatements	\$ 52,466,837	\$ -	\$ 52,466,837
Hotels and meals tax	288,994	-	288,994
Telephone tax	228,990	-	228,990
Earnings on investments	103,984	(10,461)	93,523
State aid to town	302,146	-	302,146
Group home aid	590,830	-	590,830
Medicaid	272,008	-	272,008
Miscellaneous	48,410	-	48,410
Total general revenues	<u>54,302,199</u>	<u>(10,461)</u>	<u>54,291,738</u>
Contributions, special items, extraordinary items and transfers			
Transfers in (out)	(61,318)	61,318	-
Total general revenues, special items, and transfers	<u>54,240,881</u>	<u>50,857</u>	<u>54,291,738</u>
Changes in net position	(866,866)	(214,066)	(1,080,932)
Net position - July 1, 2017	<u>(50,704,455)</u>	<u>102,292</u>	<u>(50,602,163)</u>
Net position - June 30, 2018	<u>\$ (51,571,321)</u>	<u>\$ (111,774)</u>	<u>\$ (51,683,095)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Governmental Funds

Balance Sheet

June 30, 2018

	Major Fund		Non-Major	Total
	General Fund	Town Capital Project Fund	Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,377,676	\$ 6,275	\$ 780,310	\$ 9,164,261
Investments	8,895,021	-	-	8,895,021
Receivables:				
Property taxes, net	1,504,425	-	-	1,504,425
Intergovernmental	218,991	-	479,967	698,958
Ambulance receivable	538,417	-	-	538,417
Other	684,946	-	3,484	688,430
Due from other funds	4,246,700	7,095,982	2,924,375	14,267,057
Inventory	70,441	-	-	70,441
Prepaid items	747,981	-	-	747,981
Total assets	25,284,598	7,102,257	4,188,136	36,574,991
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	\$ 25,284,598	\$ 7,102,257	\$ 4,188,136	\$ 36,574,991
Liabilities				
Accounts payable and accrued expenses	\$ 2,625,819	\$ -	\$ 152,548	\$ 2,778,367
Due to federal and state government	-	-	-	-
Unearned revenue	466,808	-	1,864	468,672
Other liabilities	15,360	-	-	15,360
Due to other funds	11,471,574	-	2,381,857	13,853,431
Total liabilities	14,579,561	-	2,536,269	17,115,830
Deferred inflows of resources				
Unavailable property tax revenue	961,827	-	-	961,827
Unavailable ambulance revenue	538,417	-	-	538,417
Total deferred inflows of resources	1,500,244	-	-	1,500,244
Fund balance				
Nonspendable	818,422	-	163,633	982,055
Restricted	-	7,102,257	2,437,251	9,539,508
Committed	928,995	-	381,315	1,310,310
Assigned	139,754	-	-	139,754
Unassigned	7,317,622	-	(1,330,332)	5,987,290
Total fund balance	9,204,793	7,102,257	1,651,867	17,958,917
Total liabilities, deferred inflows of resources, and fund balance	\$ 25,284,598	\$ 7,102,257	\$ 4,188,136	\$ 36,574,991

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2018

	<u>Major Fund</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Town Capital Project Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
Revenues				
General property taxes and interest	\$ 52,587,567	\$ -	\$ -	\$ 52,587,567
State aid and grants	6,638,267	-	1,308,776	7,947,043
Licenses, permits, and fees	2,721,235	-	-	2,721,235
Charges for services	1,468,625	-	1,107,382	2,576,007
Investment income	101,093	-	2,891	103,984
Other revenue	62,656	150	77,423	140,229
State contribution to pension plan	<u>1,762,755</u>	<u>-</u>	<u>-</u>	<u>1,762,755</u>
Total revenues	<u>65,342,198</u>	<u>150</u>	<u>2,496,472</u>	<u>67,838,820</u>
Expenditures				
General government	4,816,259	-	216,877	5,033,136
Public safety	12,157,934	-	228,062	12,385,996
Public works	3,291,791	-	198,000	3,489,791
Public and social services	807,708	-	179	807,887
Parks and recreation	218,353	-	14,691	233,044
Education	39,526,953	-	1,158,825	40,685,778
Capital outlay	-	4,898,458	2,105,214	7,003,672
Debt service				
Principal	1,658,067	-	-	1,658,067
Interest	<u>816,273</u>	<u>-</u>	<u>-</u>	<u>816,273</u>
Total expenditures	<u>63,293,338</u>	<u>4,898,458</u>	<u>3,921,848</u>	<u>72,113,644</u>
Excess (deficiency) of revenues over expenditures	2,048,860	(4,898,308)	(1,425,376)	(4,274,824)
Other financing sources (uses)				
Proceeds from capital leases	-	388,580	268,344	656,924
Transfers in	355,171	895,230	1,686,851	2,937,252
Transfers out	<u>(2,110,833)</u>	<u>-</u>	<u>(887,737)</u>	<u>(2,998,570)</u>
Other financing sources (uses)	<u>(1,755,662)</u>	<u>1,283,810</u>	<u>1,067,458</u>	<u>595,606</u>
Excess of revenue and other sources over expenditures and other uses	293,198	(3,614,498)	(357,918)	(3,679,218)
Fund balance, July 1, 2017	<u>8,911,595</u>	<u>10,716,755</u>	<u>2,009,785</u>	<u>21,638,135</u>
Fund balance, June 30, 2018	<u>\$ 9,204,793</u>	<u>\$ 7,102,257</u>	<u>\$ 1,651,867</u>	<u>\$ 17,958,917</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Reconciliation of the Governmental Funds Balance Sheet Total

Fund Balances to the Statement of Net Position

June 30, 2018

Total governmental fund balances	\$ 17,958,917
Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets, net	43,344,524
TSB net pension asset	3,013,282
Other deferred tax are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.	1,500,244
Other long-term assets related to net pension and OPEB activity and therefore, are deferred inflows of resources in the funds.	
Pension related inflows	(5,653,475)
OPEB related inflows	(3,003,537)
Other long-term liabilities related to net pension and OPEB activity and therefore, are deferred outflows of resources in the funds.	
Pension related outflows	10,888,479
OPEB related outflows	1,894,007
Long term asset relating to bond refunding amortized over the life of the bond.	69,653
In the statement of activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(292,455)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds.	
Bonds and notes payable	(23,744,440)
Capital leases	(1,177,420)
Compensated absences	(1,850,423)
Other postemployment benefits	(21,878,757)
Town net pension liability	(41,356,178)
ERS net pension liability	<u>(31,283,742)</u>
Net position of governmental activities	<u>\$ (51,571,321)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures

And Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ (3,679,218)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 3,911,952

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.

Deferred taxes (120,730)

Deferred ambulance revenue 109,581

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt principal payments 1,658,066

Bond premium amortized 72,858

Capital lease proceeds (656,924)

Capital lease payments 457,614

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2018

Bond refunding for long term debt are amortized over the course of the payable but are not reported as an expenditure on governmental fund statements	(29,851)
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest, is not reported until due.	(22,388)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the current financial resources, and therefore, are not reported as expenditures in the governmental funds.	(95,612)
The other postemployment benefit expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	
Change in OPEB related outflows	(573,331)
Change in OPEB related inflows	(2,559,584)
Change in net OPEB liability	2,818,791
The net pension asset / liability expense reported in the Statement of Activities requires the use of current financial resources and is not reported as an expenditure in the governmental funds.	
Change in net pension asset	542,756
Change in pension related outflows	(598,677)
Change in pension related inflows	225,692
Change in net pension liability	<u>(2,327,861)</u>
Change in net position of governmental activities	<u>\$ (866,866)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2018

	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Glen Farm Equestrian</u>	<u>Total</u>
Assets							
Current assets							
Cash and cash equivalents	\$ 3,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,695
Restricted cash	-	-	-	-	182,330	-	182,330
Receivables, net:							
User fees, less allowance for doubtful accounts	-	-	-	-	135,696	6,661	142,357
Intergovernmental	42,668	-	-	-	-	-	42,668
Other	-	4,437	-	-	-	-	4,437
Due from other funds	2,003,331	-	-	-	35,899	8,934	2,048,164
Inventory	<u>20,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,696</u>
Total current assets	<u>2,070,390</u>	<u>4,437</u>	<u>-</u>	<u>-</u>	<u>353,925</u>	<u>15,595</u>	<u>2,444,347</u>
Non-current assets							
Nondepreciable	-	37,251	-	-	-	-	37,251
Depreciable, net	<u>84,847</u>	<u>533,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,474</u>
Total non-current assets	<u>84,847</u>	<u>570,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655,725</u>
Total assets	<u><u>2,155,237</u></u>	<u><u>575,315</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>353,925</u></u>	<u><u>15,595</u></u>	<u><u>3,100,072</u></u>
Deferred outflows of resources							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u><u>\$ 2,155,237</u></u>	<u><u>\$ 575,315</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 353,925</u></u>	<u><u>\$ 15,595</u></u>	<u><u>\$ 3,100,072</u></u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Net Position

June 30, 2018

	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Glen Farm Equestrian</u>	<u>Total</u>
Liabilities							
Current liabilities:							
Accounts payable and accrued expenses	\$ 51,807	\$ -	\$ -	\$ -	\$ -	\$ 2,161	\$ 53,968
Accrued interest payable	-	696	-	-	2,348	-	3,044
Due to other funds	1,903,963	170,175	387,418	234	-	-	2,461,790
Current portion of lease payable	-	35,906	-	-	-	-	35,906
Current portion of bonds payable	-	19,934	-	-	45,000	-	64,934
Total current liabilities	<u>1,955,770</u>	<u>226,711</u>	<u>387,418</u>	<u>234</u>	<u>47,348</u>	<u>2,161</u>	<u>2,619,642</u>
Non-current liabilities:							
Lease payable	-	192,603	-	-	-	-	192,603
Bonds payable	-	119,601	-	-	280,000	-	399,601
Total non-current liabilities	<u>-</u>	<u>312,204</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>592,204</u>
Total liabilities	<u>1,955,770</u>	<u>538,915</u>	<u>387,418</u>	<u>234</u>	<u>327,348</u>	<u>2,161</u>	<u>3,211,846</u>
Deferred inflows of resources							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position							
Net investment in capital assets	84,847	202,834	-	-	-	-	287,681
Restricted for septic system program	-	-	-	-	182,330	-	182,330
Unrestricted	114,620	(166,434)	(387,418)	(234)	(155,753)	13,434	(581,785)
Total net position	<u>\$ 199,467</u>	<u>\$ 36,400</u>	<u>\$ (387,418)</u>	<u>\$ (234)</u>	<u>\$ 26,577</u>	<u>\$ 13,434</u>	<u>\$ (111,774)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island
Enterprise Funds
Statement Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Glen Farm Equestrian</u>	<u>Total</u>
Operating revenues							
Charges for services	\$ 505,390	\$ 649,039	\$ -	\$ -	\$ 6,875	\$ 18,000	\$ 1,179,304
Intergovernmental	<u>218,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,628</u>
Total operating revenues	<u>724,018</u>	<u>649,039</u>	<u>-</u>	<u>-</u>	<u>6,875</u>	<u>18,000</u>	<u>1,397,932</u>
Operating expenses							
Cafeteria operations	721,650	-	-	-	-	-	721,650
Transfer station expenses	-	903,231	-	-	-	-	903,231
Septic system loan program	-	-	-	-	743	-	743
Glen farm equestrian	-	-	-	-	-	9,066	9,066
Depreciation and amortization	<u>7,166</u>	<u>20,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,165</u>
Total operating expenses	<u>728,816</u>	<u>924,230</u>	<u>-</u>	<u>-</u>	<u>743</u>	<u>9,066</u>	<u>1,662,855</u>
Operating income (loss)	<u>(4,798)</u>	<u>(275,191)</u>	<u>-</u>	<u>-</u>	<u>6,132</u>	<u>8,934</u>	<u>(264,923)</u>
Nonoperating revenues (expenses)							
Interest income (expense)	<u>10</u>	<u>(3,255)</u>	<u>-</u>	<u>-</u>	<u>(7,216)</u>	<u>-</u>	<u>(10,461)</u>
Income (loss) before transfers	<u>(4,788)</u>	<u>(278,446)</u>	<u>-</u>	<u>-</u>	<u>(1,084)</u>	<u>8,934</u>	<u>(275,384)</u>
Transfers							
Transfers in	<u>6,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,924</u>	<u>-</u>	<u>61,318</u>
Total transfers	<u>6,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,924</u>	<u>-</u>	<u>61,318</u>
Change in net position	1,606	(278,446)	-	-	53,840	8,934	(214,066)
Net position, July 1, 2017	<u>197,861</u>	<u>314,846</u>	<u>(387,418)</u>	<u>(234)</u>	<u>(27,263)</u>	<u>4,500</u>	<u>102,292</u>
Net position, June 30, 2018	<u>\$ 199,467</u>	<u>\$ 36,400</u>	<u>\$ (387,418)</u>	<u>\$ (234)</u>	<u>\$ 26,577</u>	<u>\$ 13,434</u>	<u>\$ (111,774)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2018

	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Glen Farm Equestrian</u>	<u>Total</u>
Cash flows from operating activities:							
Cash received from customers	\$ 505,390	\$ 649,114	\$ -	\$ -	\$ 48,030	\$ 17,469	\$ 1,220,003
Cash received from government	214,507	-	-	-	-	-	214,507
Payments to suppliers and employees	<u>(712,936)</u>	<u>(954,224)</u>	<u>-</u>	<u>-</u>	<u>(743)</u>	<u>(8,535)</u>	<u>(1,676,438)</u>
Net cash provided (used) by operating activities	<u>6,961</u>	<u>(305,110)</u>	<u>-</u>	<u>-</u>	<u>47,287</u>	<u>8,934</u>	<u>(241,928)</u>
Cash flows from noncapital financing activities:							
Cash received from other funds	<u>(29,723)</u>	<u>332,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,934)</u>	<u>293,500</u>
Net cash provided by noncapital financing activities	<u>(29,723)</u>	<u>332,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,934)</u>	<u>293,500</u>
Cash flows from capital and related financing activities:							
Purchases and construction of capital assets	(48,243)	(232,317)	-	-	-	-	(280,560)
Proceeds from lease activity	-	228,509	-	-	-	-	228,509
Principal paid on capital debt	-	(19,933)	-	-	(45,000)	-	(64,933)
Interest paid on capital debt	-	(3,306)	-	-	(9,924)	-	(13,230)
Proceeds from other funds	<u>6,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,924</u>	<u>-</u>	<u>61,318</u>
Net cash used by capital and related financing activities	<u>(41,849)</u>	<u>(27,047)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,896)</u>
Cash flows from investing activities:							
Interest income	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
Net cash used by investing activities	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
Net increase in cash and cash equivalents	(64,601)	-	-	-	47,287	-	(17,314)
Balances-beginning of the year	<u>68,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,043</u>	<u>-</u>	<u>203,339</u>
Balances-end of the year	<u>\$ 3,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,330</u>	<u>\$ -</u>	<u>\$ 186,025</u>
Displayed as:							
Cash and cash equivalents	<u>\$ 3,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,330</u>	<u>\$ -</u>	<u>\$ 186,025</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Enterprise Funds

Statement of Cash Flows

For the Year Ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	<u>School Cafeteria Fund</u>	<u>Transfer Station</u>	<u>Wind Turbine Generator Fund</u>	<u>Summer School</u>	<u>Septic System Loan Program</u>	<u>Glen Farm Equestrian</u>	<u>Total</u>
Operating income (loss)	\$ (4,798)	\$ (275,191)	\$ -	\$ -	\$ 6,132	\$ 8,934	\$ (264,923)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	7,166	20,999	-	-	-	-	28,165
Change in assets and liabilities:							
(Increase) decrease in user charges receivables, net	-	75	-	-	41,155	(531)	40,699
(Increase) decrease in intergovernmental receivable	(4,121)	-	-	-	-	-	(4,121)
(Increase) decrease in inventory	4,813	-	-	-	-	-	4,813
Increase (decrease) in accounts payable	<u>3,901</u>	<u>(50,993)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531</u>	<u>(46,561)</u>
Net cash provided (used) by operating activities	<u>\$ 6,961</u>	<u>\$ (305,110)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,287</u>	<u>\$ 8,934</u>	<u>\$ (241,928)</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2018

	Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,087,764	\$ 680,270
Investments, at fair value	56,938,827	-
Accounts receivable	-	240,913
Total assets	<u>58,026,591</u>	<u>921,183</u>
Deferred outflows of resources		
None	-	-
Total assets and deferred outflows of resources	<u>\$ 58,026,591</u>	<u>\$ 921,183</u>
Liabilities		
Accounts payable	\$ -	\$ -
Deposits held	-	921,183
Total liabilities	-	<u>921,183</u>
Deferred inflows of resources		
None	-	-
Net Position		
Restricted for pension	56,716,068	-
Restricted for OPEB	<u>1,310,523</u>	-
Total net position	<u>58,026,591</u>	-
Total liabilities and net position	<u>\$ 58,026,591</u>	<u>\$ 921,183</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	<u>Employee Benefit Trust Funds</u>
Additions	
Employer contributions	\$ 5,391,801
Plan member contributions	355,357
Net investment income	<u>3,999,091</u>
Total additions	<u>9,746,249</u>
Deductions	
Benefits paid	5,695,049
Administrative expenses	<u>78,459</u>
Total deductions	<u>5,773,508</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	3,972,741
Net position, July 1, 2017	<u>54,053,850</u>
Net position, June 30, 2018	<u>\$ 58,026,591</u>

The accompanying notes are an integral part of this statement

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies:

The basic financial statements of the Town of Portsmouth, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities (U.S. GAAP). In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate. Certain immaterial differences in the accompanying financial statements may exist due to rounding.

Financial reporting entity:

Portsmouth was established in 1638 and incorporated as a Town in 1640. The Town of Portsmouth (the Town) is governed largely under the 1958 Home Rule Charter, which provides for a Council- Administrator form of government. The Town provides various services including education, solid waste disposal, public safety (police and fire), public works, (engineering, highway, recycling, public buildings, parks and recreation), social services and general government services.

As a general rule, the effect of inter-fund activity has been eliminated from the Government-wide financial statements.

Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Reporting Entity (continued)

- a) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
- b) The primary government is obligated in some manner for the debt of the organization.

The following entity was considered for classification as a component unit for fiscal year 2018:

- * Portsmouth Water and Fire District

The Portsmouth Water and Fire District is a separate legal entity that appoints its own board members, sets its own billing rates and is not fiscally dependent upon the Town of Portsmouth. As a result, the Portsmouth Water and Fire District has not been included as a component unit.

The Town of Portsmouth does not have any component units.

Basis of presentation:

Government-wide financial statements:

The statement of net position and statement of activities display information about the Town as a whole and distinguish between governmental and business-type activities. They include all funds of the Town except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets both of the following criteria:

- (a) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type; and
- (b) Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Fund types used by the Town and a description of the funds comprising each are as follows:

Governmental funds:

Governmental funds are used to account for operations that supply basic government services.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Governmental funds (continued):

The Town uses the following governmental funds:

General Fund:

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for and report all activities except those legally or administratively required to be accounted for in other funds.

Special revenue funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Town's major special revenue fund is the School Department, which provides primary education to the Town's children.

Capital projects funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The Town's Capital Projects Fund is a major fund.

Permanent funds:

Permanent funds account for and report assets held by the Town where the principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The Town's permanent funds are all non-major funds.

Proprietary funds:

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Of the Town's four enterprise funds, the Sewer Fund and the Parks and Recreation Fund are major funds. The Town has no internal service funds.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Fund financial statements (continued):

Fiduciary funds:

Fiduciary funds are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

Pension trusts:

Pension trust funds account for contributions made by the Town and its participating employees to provide retirement benefits to participating employees.

Other postemployment benefits (OPEB) trust:

The OPEB Trust fund accounts for contributions made by the Town and its participating employees to provide postemployment benefits (health insurance) to participating employees.

Private purpose trust:

The Town's private purpose trust accounts for resources legally held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the fund, including any earnings on investments, may be used. There is no requirement that any portion of these resources be preserved as capital.

Agency:

Agency funds are established when the Town holds assets in custody for others in an agency capacity. The reporting entity includes ten agency funds (Soil Fund, GMH Deposit Fund, Road Bond, Glen Park Damage Deposit Fund, City Clerk Restoration Fund, Prescott Point Fund and four Student Activities funds).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

	<i>Brief Description:</i>
Major:	
General Fund	See description on page 44.
Town Capital Project Fund	Accounts for the Town's acquisition or construction of specific capital projects. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.
Proprietary Funds:	
School Cafeteria Fund	Accounts for the operation of the school breakfast and lunch program of the School Department.
Transfer Station Fund	Accounts for the Town's transfer station operations. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.
Wind Turbine Generator Fund	Accounts for the operation of the Town's wind turbine generator.
Summer School Fund	Accounts for the operation of the summer school program of the School Department. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.
Septic System Loan Program	Accounts for activity related to the Town's septic system loan program. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Major and Non-Major Funds (continued)

Major (continued):

Proprietary Funds (continued):

Glen Farm Equestrian

Brief Description:

Accounts for activity related to the Town's Glen Farm Equestrian fund. This fund did not meet the criteria for reporting as a major fund. However, management elected to present the fund as a major fund.

Non-major:

Special Revenue Funds:

The Town currently maintains fifty (50) special revenue funds and the School maintains twenty-six (26) special revenue funds which have been classified as non-major governmental funds.

Capital Project Funds:

The Town of Portsmouth currently maintains ten (10) capital project funds and the School maintains three (3) capital project funds which have been classified as non-major governmental funds.

Permanent Funds:

The Town of Portsmouth currently maintains two (2) permanent Funds which have been classified as non-major governmental funds.

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals and hotel taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash; therefore, they are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as unearned revenues.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The Town currently maintains six enterprise funds (School Cafeteria Fund, Transfer Station Fund, Wind Turbine Generator Fund, Summer School Fund, Septic System Loan Program and Glen Farm Equistrian). The Town currently does not have Internal Service Funds. Operating expenses for the proprietary funds include the cost of programs and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition.

Cash and cash equivalents consist of cash on hand, time and demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Under Rhode Island laws, depository institutions holding deposits of the State, its agencies or governmental subdivision of the State, must insure or pledge eligible collateral equal to 100% of the deposits maturing in greater than sixty days. Any institutions not meeting certain federally prescribed minimum capital standards must insure deposits or pledged collateral equal to 100% of the deposits, regardless of maturities. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risk.

Investments:

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund and OPEB trust fund (Managed Funds). The Town's Pension/OPEB Trust Fund Investment Advisory Committee is responsible for the supervision of the investment of the Town's Managed Funds investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Real Estate and Personal Property Taxes:

For the Government-wide financial statements, property taxes are recognized as revenue in the fiscal year they are levied. For the fund financial statements, property taxes are recognized as revenue in the fiscal year they are levied and become available. To be considered available, property taxes must be due and collected during the year or within 60 days subsequent to year-end. Property taxes not considered available are reported as deferred inflows. Taxes are levied in July on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered.

Taxes levied in July are payable quarterly on September 1, December 1, March 1 and June 1. Failure to make payments on the prior year's assessment by mid-March will result in a lien on the taxpayer's property. Real estate and personal property tax are shown net of an allowance for uncollectible accounts. The allowance is calculated based on the age of the individual receivables and amounted to \$435,652 at June 30, 2018 in the governmental statement and statement of net position, respectively.

Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 4.00% over that of the preceding fiscal year.

Due from Federal and State Government:

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectible amounts.

Short term Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. These internal balances are eliminated in the Government-wide statement of net position.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Inventory and prepaid items:

Inventory reported in the Town's general fund is maintained on a perpetual system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed. Prepaid items are expenditures paid prior to year end that relate directly to a future period and therefore are not considered current year expenditures / expenses.

Capital assets and depreciation:

Capital assets are reported in the statement of net position in the Government-wide financial statements. Capital assets acquired by governmental funds are reported as capital outlay expenditures.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair. Net interest costs related to construction projects are capitalized during the construction period. Such costs were not incurred during fiscal 2018. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not included in capital assets. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Government-wide statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight line method.

The estimated useful lives by type of capital asset are as follows:

	<u>Years</u>
Land improvements	20
Buildings and improvements	10-50
Machinery & equipment	4-20
Construction equipment	10
Infrastructure	10-50
Motor vehicles	6-20

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Bond Premiums and Issuance Costs:

In the governmental funds, bond premiums and issuance costs are treated as period costs in the year the bonds are issued. Bond issuance costs are included in debt service expenditures and bond premiums are reflected as other financing sources in the governmental funds financial statements. Bond premiums are reported as other financing sources while discounts are reported as other financing uses.

In the Government-wide statement of net position, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds payable.

Deferred inflows and outflows of resources:

Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources represent the consumption of net assets that is applicable to a future reporting period.

In addition to assets, the statement of net position and/or balance sheet can report deferred outflows of resources. Deferred outflow of resources represents a consumption of net position that apply to a future period and which will not be recognized as an outflow of resources (expense/expenditure) until that later date. At June 30, 2018 the Town of Portsmouth, Rhode Island reports deferred outflows related to pension, OPEB, and deferred charges on refunding in the Government-wide statement of net position. The deferred outflow of resources related to pension totaling \$10,888,479 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The deferred outflow of resources related to OPEB totaling \$1,894,007 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). The deferred charge on refunding totaling \$69,653 for governmental activities is the unamortized balance of the difference between the carrying value of the refunded debt and the new debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Deferred inflows and outflows of resources (continued):

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2018, the Town had two items that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unavailable tax revenue represents property taxes receivables which are assessed on December 31, 2016 and prior and are not collected within 60 days of June 30, 2018. Net unavailable property tax revenue included in the fund financial statements was \$961,827 at June 30, 2018. The unavailable ambulance revenue represents ambulance rescue fee receivables that are not collected as of June 30, 2018. Net unavailable ambulance rescue fee revenue included in the fund financial statements was \$538,417 at June 30, 2018. These amounts are deferred and will be recognized as an inflow of resources in the year in which the amounts become available.

At June 30, 2018 the Town of Portsmouth, Rhode Island reports deferred inflows related to pension and OPEB in the Government-wide statement of net position. The deferred inflow of resources related to pension totaling \$5,653,475 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included as a reduction in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The deferred inflow of resources related to OPEB totaling \$3,003,537 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included as a reduction in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Compensated absences:

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2018.

The entire compensated absence liability is reported in the statement of net position. For the governmental fund financial statements, accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability not paid with expendable available financial resources is not recorded in the governmental fund financial statements.

Accrued liabilities and long-term debt:

All accrued liabilities and long-term debt are reported in the Government-wide financial statements.

For the governmental fund financial statements, the accrued liabilities are generally reported as a fund liability if due for payment as of the balance sheet date, regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Fund financial statements until due. For other long-term obligations, only that portion expected to be financed from expendable available financial sources is reported as a fund liability of the governmental fund. The face amount of debt issued is reported as an other financing source in the governmental funds financial statements.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Interfund activities:

Transactions between funds have been eliminated in the Government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Transfers between fiduciary funds and governmental or business-type activities do not get eliminated.

Interfund activity within and among the funds of the Town have been classified and reported as follows:

Reciprocal interfund activities:

Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.

Interfund services are reported as revenues in the provider fund and as expenditures or expenses in the purchasing fund.

Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

Non-reciprocal interfund activities:

Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for fund expenditures and/or expense are recorded in order to reserve portions of applicable appropriations, is employed in the governmental and business-type funds.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Fund equity:

Government-wide financial statements:

Net position:

The Town's net position has been segregated into the following three components:

Net investment in capital assets - represents the net book value of all capital assets less the outstanding balances of bonds and other debt, and deferred inflows of resources, if any, used to acquire, construct or improve these assets, increased by deferred outflows of resources related to those assets, if any.

Restricted – assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law; reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted – a residual category for the balance of net position

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Fund equity (continued):

Governmental fund financial statements:

The Town's fund balance is reported in the following categories:

Non-spendable – amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact

Restricted – amounts that have been restricted to specific purposes either by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation

Committed – amounts constrained to specific purposes by the Town, using its highest level of decision-making authority. Commitments will only be used for specific purposes pursuant to a formal action of the Town Council. Town Council Resolution is required to approve, modify, or rescind a fund balance commitment.

Assigned – amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed

The Town Council delegates to the Town Administrator or designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned – amounts available for any purpose. Only the general fund can report a positive fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Expenditures may be incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Composition of the ending fund balance will be determined by applying the following: In those instances where both restricted and unrestricted amounts are available, restricted amounts will be considered to have been spent first (as allowed and in compliance with stated and specified terms or requirements), followed by committed amounts, followed by assigned amounts, and then unassigned amounts.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Pensions

Employees' Retirement System plan (ERS)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System plan (ERS) and the additions to/deductions from ERS' fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Teachers' Survivors Benefit plan (TSB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Survivors Benefit plan (TSB) and the additions to/deductions from TSB fiduciary net position have been determined on the same basis as they are reported by TSB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town's plan and additions to/deductions from Town's fiduciary net position have been determined on the same basis as they are reported by the Town. For this purpose, the Town recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Intergovernmental revenues:

State aid is recognized as revenue in the year in which funds are appropriated by the Rhode Island General Assembly, provided they are collected during the fiscal year.

Enterprise revenue:

Program income in enterprise funds is recorded as charges for services and is considered revenue when it is both measurable and available. In the current year, only charges for services and fund received from other governments were considered to be operating revenue. Whereas revenue generated as investment income was considered to be non-operating revenue.

Claims and Judgements:

The Town is exposed with respect to risks including, but not limited to, property damages, personal injury and workers' compensation. In the governmental fund financial statements, expenditures for claims and judgments are recorded on the basis of whether the liability has matured in the current period. The Town and the School Department are members of the Rhode Island Interlocal Risk Management Trust (the Trust). The Trust was established to offer a viable alternative to commercial insurance for public entities through intergovernmental pooling of risk. The Trust is a protected, self-insurance plan. The Town pays annual premiums for its liability, property and worker's compensation coverage. The membership participation agreement provides that, in return for the payment of the annual premium, the Trust member transfers the financial responsibility for loss, but only according to the conditions of coverage and up to the stated maximum amount of insurance purchased by the Town or School Department. In the Government-wide financial statements, the estimated liability for all claims and judgments is recorded as a liability and as an expense.

Use of estimates:

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

Reconciliation of Government-wide Net Position and Fund Financial Statements Fund Balance:

The governmental fund Balance Sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the Government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements".

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities:

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net position of governmental activities* as reported in the Government-wide Statement of Activities. One element of the reconciliation states that "the governmental funds report principal repayments on debt obligations as an expenditure."

Another element of that reconciliation states that, "Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds." Also, the allowance adjustment on the ambulance receivables affects the revenue recorded in the Statement of Activities.

Recent accounting pronouncements:

For the fiscal year ending June 30, 2018, the Town adopted the provisions of GASB Statement numbers 81 – Irrevocable Split-Interest Agreements, 85 – Omnibus, and 86 – Certain Debt Extinguishment Issues were implemented in the current year but did not have a material impact on the financial statements.

GASB Statement number 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions was adopted early in fiscal year ending June 30, 2017.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

1. Summary of significant accounting policies (continued):

Basis of presentation (continued):

Measurement focus and basis of accounting (continued):

New Accounting Principles Not Yet Required to be Implemented:

Effective for the fiscal year ending June 30, 2021, the Town will be required to adopt the provisions of Statement No. 87 of the GASB, Leases ("GASB 87"). GASB 87 requires recognition of lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town is currently evaluating the effects of GASB 87 on its financial statements. The following GASB standards will also be evaluated by the Town: 1. GASB 83 – Certain Asset Retirement Obligations, 2. GASB 84 – Fiduciary Activities, 3. GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, 4. GASB 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period, and 5. GASB 90 Majority Equity Interests.

2. Cash Deposits and Investments

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

Deposits

At June 30, 2018, the carrying amount of the Town's cash and cash equivalents was \$11,118,320 (including Fiduciary Funds and cash held in escrow) while the bank balance was \$11,699,696. Of the bank balance, \$1,689,135 was covered by federal depository insurance, \$8,919,590 was covered by collateralization agreements and \$1,090,971 was uninsured. Reconciliation to Government-wide Statement of Net Position:

Total Cash and Cash Equivalents	<u>Carrying Amount</u> \$ 11,118,320
Less: Fiduciary fund cash, including time deposits (not included in the Government-wide statement)	(1,768,034)
<i>Total Cash and Cash Equivalents Reported in the Financial Statements</i>	<u>\$ 9,350,286</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash Deposits and Investments (continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town has a formal deposit policy for custodial credit risk, which follows State Laws as described below.

Restricted Cash Held in Escrow

Restricted cash held in escrow of \$182,330 reported in the Statement of Net Position at June 30, 2018 consists of funds reported in the Business-Type Activities (Proprietary Fund) representing cash held in escrow by Rhode Island Housing for administration of the Town's Septic System Loan Program.

Investments

Investments are stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, "Fair Value Measurement and Application".

In determining fair value, the Town uses various valuation approaches, as appropriate in the circumstances. GASB Statement No. 72 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1- Unadjusted quoted priced in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3- Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash Deposits and Investments (continued)

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Town are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Town are deemed to be actively traded.

Fixed income securities: Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities.

The following table summarizes the assets and liabilities of the Town for which fair values are determined on a recurring basis as of June 30, 2018:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual Funds				
Domestic Equity	\$ 25,075,872	\$ 25,075,872	\$ -	\$ -
Global Real Estate	2,963,718	2,963,718	-	-
International Equity	7,133,609	7,133,609	-	-
Emerging Markets	4,640,586	4,640,586	-	-
Large Cap Multi-Style Fund	5,464,625	5,464,625	-	-
Growth Fund	334,395	334,395	-	-
Fixed Income Securities	20,221,043	20,221,043	-	-
	<u>\$ 65,833,848</u>	<u>\$ 65,833,848</u>	<u>\$ -</u>	<u>\$ -</u>

The following are maturities of the Town's debt related securities:

Description	Fair Value	0-3 Years	3-5 Years	Over 5 Years
Fixed Income Securities	\$ 20,221,043	\$ 3,682,059	\$ 6,993,378	\$ 9,545,606

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash Deposits and Investments (continued)

Average ratings of the investments comprising the debt related securities above, as determined by Standards & Poor's are as follows:

	Fixed Income Securities
AAA	\$ 9,097,517
AA	4,306,331
A	4,279,404
BBB	2,470,176
BB	29,673
B and Below	<u>37,942</u>
Total	<u>\$ 20,221,043</u>

Concentration of Credit Risk

At June 30, 2018, the Town had a diversified portfolio in its General Fund and Pension and OPEB Trust Funds were invested in various mutual funds and fixed income securities, as detailed above.

Interest Rate Risk

The Town's investments are held in mutual funds which do not bear specified interest rates. The rate of return on these investments is dependent on the operating results of the entities included in the portfolio of the mutual funds as well as overall economic conditions.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of financial institution failure, the Town's deposits and/or investments may not be returned. The Town does not believe that it has a significant custodial credit risk as all the investments are registered and held in the name of the Town. Additionally, the Town's deposit policy requires that deposits be placed in financial institutions that are FDIC insured. The Town deposits are maintained in highly rated financial institutions and the ratings of these institutions is reviewed by management on a periodic basis.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

2. Cash Deposits and Investments (continued)

As of June 30, 2018, the following pension investments represent 5% or more of the Town Plan's net position:

Dimensional Fund Advisors:

Vanguard Total Bond	\$ 9,358,763
Vanguard Total International Bond	6,404,531
Five Year Fixed Income	3,971,309
US Core Equity 2 Portfolio	7,703,319
International Core Equity	1,345,605
International Vector Equity	3,166,590
US Vector Equity Portfolio	8,158,960
Global Real Estate	2,963,719
AQR Emerging Multi Style R6	4,159,695
Emerging Market Core	2,931,188
AQR:	
Large Cap Multi-Style	5,464,625

3. Budgetary and Legal Compliance

The General Fund and the Public-School Operations Fund are subject to an annual operating budget. The annual operating budgets' appropriation amounts are supported by revenue estimates and can be amended by either a special financial voter referendum or by the Town Council.

Actual revenue and expenditures in the Budgetary Basis Statements of Revenues and Expenditures for the General Fund and the Public-School Operations Fund are presented on the budgetary basis which includes the net effect of non-budgeting for certain other items. Thus, the actual revenues and expenditures differ from those in the Governmental Fund financial statements which are presented in accordance with accounting principles generally accepted in the United States of America.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

3. Budgetary and Legal Compliance (continued)

The following individual funds reported deficits in the unreserved fund balances in the fund financial statements at June 30, 2018:

<u>Town Special Revenue Funds</u>	
Bulletproof vest	\$ (8,450)
IICAC	(2,035)
Dog fund	(11,407)
Synar Tobacco Survey	(2,021)
<u>School Special Revenue Funds</u>	
Title II, Part A	(51)
Perkins	(166)
<u>Town Capital Projects Funds</u>	
08-09 Warrants	(19,027)
09-10 Warrants	(5,743)
12-13 Warrants	(1,281,432)
<u>Enterprise funds</u>	
Wind Turbine Generator Fund	(387,418)
Summer School	<u>(234)</u>
Total	<u>\$ (1,717,984)</u>

Management will derive an administrative plan to fund the deficits noted above.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 is as follows:

	<i>Balance</i> <i>July 1, 2017</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance</i> <i>June 30, 2018</i>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 4,755,279	\$ -	\$ -	\$ 4,755,279
Land easements	1,420,000	-	-	1,420,000
Construction in progress	<u>245,864</u>	<u>3,676,190</u>	<u>-</u>	<u>3,922,054</u>
Total capital assets not being depreciated	<u>6,421,143</u>	<u>3,676,190</u>	<u>-</u>	<u>10,097,333</u>
Depreciable assets:				
Land improvements	1,044,074	-	-	1,044,074
Buildings	22,471,462	7,202	-	22,478,664
Buildings and improvements	10,886,919	1,230,284	-	12,117,203
Machinery and equipment	9,766,502	416,407	-	10,182,909
Construction equipment	396,909	-	-	396,909
Infrastructure	29,151,095	794,407	-	29,945,502
Vehicles	<u>5,662,094</u>	<u>315,008</u>	<u>-</u>	<u>5,977,102</u>
Total Capital assets being depreciated	<u>79,379,055</u>	<u>2,763,308</u>	<u>-</u>	<u>82,142,363</u>
Total Capital Assets	<u>85,800,198</u>	<u>6,439,498</u>	<u>-</u>	<u>92,239,696</u>
Less accumulated depreciation for:				
Land improvements	495,483	64,068	-	559,551
Buildings	16,340,230	312,816	-	16,653,046
Buildings and improvements	3,306,949	653,671	-	3,960,620
Machinery and equipment	5,817,944	424,140	-	6,242,084
Construction equipment	381,169	10,493	-	391,662
Infrastructure	16,630,829	790,584	-	17,421,413
Vehicles	<u>3,395,022</u>	<u>271,774</u>	<u>-</u>	<u>3,666,796</u>
Total Accumulated Depreciation	<u>46,367,626</u>	<u>2,527,546</u>	<u>-</u>	<u>48,895,172</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,432,572</u>	<u>\$ 3,911,952</u>	<u>\$ -</u>	<u>\$ 43,344,524</u>
Business-Type Activities				
Nondepreciable assets:				
Land	\$ 37,251	\$ -	\$ -	\$ 37,251
Total Capital assets not being depreciated	<u>37,251</u>	<u>-</u>	<u>-</u>	<u>37,251</u>
Depreciable assets:				
Buildings and improvements	215,477	228,509	-	443,986
Machinery and equipment	<u>252,907</u>	<u>48,243</u>	<u>-</u>	<u>301,150</u>
Total Capital assets being depreciated	<u>468,384</u>	<u>276,752</u>	<u>-</u>	<u>745,136</u>
Total Capital Assets	<u>505,635</u>	<u>276,752</u>	<u>-</u>	<u>782,387</u>
Less accumulated depreciation for:				
Buildings and improvements	13,647	12,427	-	26,074
Machinery and equipment	<u>84,850</u>	<u>15,738</u>	<u>-</u>	<u>100,588</u>
Total Accumulated Depreciation	<u>98,497</u>	<u>28,165</u>	<u>-</u>	<u>126,662</u>
Business-Type Activities Capital Assets, Net	<u>\$ 407,138</u>	<u>\$ 248,587</u>	<u>\$ -</u>	<u>\$ 655,725</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

4. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 119,328
Public safety	343,342
Public works	851,481
Community service	123,441
Education	<u>1,089,955</u>
Total Depreciation Expense	<u><u>\$ 2,527,546</u></u>

Depreciation expense was charged to business-type activities as follows:

School lunch	\$ 7,166
Transfer Station	<u>20,999</u>
Total Depreciation Expense	<u><u>\$ 28,165</u></u>

5. Lease Revenue

The Town receives lease payments for a communication tower leased to several communication companies. Future minimum rental payments to be received for these leases are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2019	\$ 113,885
2020	116,939
2021	120,146
2022	<u>123,514</u>
Total	<u><u>\$ 474,484</u></u>

6. Stewardship, Compliance and Accountability

The Town issues general obligation bonds to provide funds for the acquisition of equipment, as well as construction and improvements to capital facilities. General obligation bonds have been issued for both general governmental and school department activities. In addition, general obligation bonds have been issued to refund previously outstanding general obligation bonds. The Town's legal debt margin as set forth by State statute is limited to three percent of the total taxable assessed value and approximates \$101,000,882 at the State level and \$67,333,921 at a local level. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. At June 30, 2018, the Town's bonds outstanding totaled \$22,974,466.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-Term Obligations

The following is a summary of changes in long-term debt for the year ended June 30, 2018

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rates	Date of Maturity	Balance, 6/30/2017	Transfers in & Additions	Transfers Out & Retirements	Balance, 6/30/2018	Amounts Due Within One Year
Governmental Activities:									
<i>General obligation, revenue bonds, and loans:</i>									
Portsmouth High School Sprinklers	\$ 1,100,000	8/7/2008	3.75-6.00%	5/15/2024	\$ 500,000	\$ -	\$ 75,000	\$ 425,000	\$ 75,000
School Improvements (refunding bond)	\$ 4,655,000	6/4/2009	2.00-5.00%	11/1/2020	1,890,000	-	485,000	1,405,000	475,000
Open Space/Recreation Bond	\$ 1,980,000	6/15/2010	2.00-4.00%	6/15/2025	980,000	-	125,000	855,000	125,000
General Obligation Refunding Bond - Series A									
Open Space/Recreation Bond	\$ 250,000	5/23/2013	2.35%	2/15/2028	184,113	-	16,626	167,487	16,933
Town Improvements	\$ 562,000	5/23/2013	2.35%	2/15/2028	413,887	-	37,374	376,513	38,067
General Obligation Refunding Bond - Series B	\$ 927,000	5/23/2013	.53% -1.7%	2/15/2019	294,000	-	149,000	145,000	145,000
School Projects	\$ 1,100,000	8/28/2013	3.06%	6/30/2028	680,000	-	125,000	555,000	90,000
Town Projects	\$ 1,505,000	10/23/2014	1.75%-4%	10/15/2024	1,040,532	-	130,066	910,466	130,066
Open Space	\$ 600,000	11/18/2015	2.00-4.00%	10/1/2035	569,629	-	30,371	539,258	30,371
School Projects	\$ 471,500	11/18/2015	2.00-4.00%	10/1/2035	447,633	-	23,867	423,766	23,867
Town Projects	\$ 3,373,500	11/18/2015	2.00-4.00%	10/1/2035	3,202,738	-	170,762	3,031,976	170,762
School Projects	\$ 1,575,000	12/22/2015	3.00-5.00%	5/15/2026	1,410,000	-	165,000	1,245,000	160,000
School Projects	\$ 605,000	12/22/2015	3.00-5.00%	5/15/2022	605,000	-	125,000	480,000	120,000
Town Projects-Police Station	\$ 10,000,000	2/9/2017	3.00-5.00%	2/1/2038	10,000,000	-	-	10,000,000	355,480
Town Projects-Recreational	\$ 520,000	2/9/2017	3.00-5.00%	2/1/2038	520,000	-	-	520,000	18,485
Town Projects	\$ 648,861	2/9/2017	3.00-5.00%	2/1/2038	648,861	-	-	648,861	23,066
School Improvements	\$ 646,139	2/9/2017	3.00-5.00%	2/1/2038	646,139	-	-	646,139	22,969
Town Legal Settlement	\$ 600,000	2/9/2017	2.25-2.65%	2/1/2023	600,000	-	-	600,000	115,000
Total General Obligation Bonds, Revenue Bonds, and Loans.					<u>24,632,532</u>	<u>-</u>	<u>1,658,066</u>	<u>22,974,466</u>	<u>2,135,066</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

7. Long-Term Obligations (continued)

Description of Purpose	Amount of Original Issue	Date of Issue	Interest Rates	Date of Maturity	Balance, 6/30/2017	Transfers in & Additions	Transfers Out & Retirements	Balance, 6/30/2018	Amounts Due Within One Year
Governmental Activities (continued):									
<i>Capital lease obligations:</i>									
School IT	\$ 271,463	7/15/2015	2.69%	7/15/2019	160,712	-	53,966	106,746	55,373
Town IT & Vehicles	\$ 335,000	7/15/2015	3.75%	8/1/2018	167,641	-	84,378	83,263	83,264
Town Vehicles	\$ 393,991	8/12/2016	4.01%	8/15/2022	330,640	-	49,679	280,961	51,733
Town Vehicles	\$ 151,991	8/12/2016	3.76%	8/15/2018	98,731	-	48,111	50,620	50,620
School	\$ 289,974	7/15/2016	2.42%	7/15/2020	220,385	-	60,042	160,343	63,913
Town Vehicles & Equipment	\$ 239,942	8/2/2017	4.59%	8/4/2021	-	239,942	52,394	187,548	43,777
School IT	\$ 268,344	7/19/2017	4.46%	8/1/2021	-	268,344	85,965	182,379	77,831
DPW Vehicle	\$ 148,638	8/18/2017	2.87%	8/18/2023	-	148,638	23,078	125,560	19,475
Total capital lease obligations					<u>978,109</u>	<u>656,924</u>	<u>457,613</u>	<u>1,177,420</u>	<u>445,986</u>
Deferred amount for issuance premiums					842,832	-	72,858	769,974	72,858
Compensated absences					1,754,811	337,744	242,132	1,850,423	242,132
Net pension liability					71,658,694	981,226	-	72,639,920	-
Net OPEB Liability					<u>24,697,548</u>	<u>-</u>	<u>2,818,791</u>	<u>21,878,757</u>	<u>-</u>
Total governmental funds long-term debt					<u>124,564,527</u>	<u>1,975,894</u>	<u>5,249,460</u>	<u>121,290,961</u>	<u>2,896,042</u>
Business-Type Activities:									
<i>General obligation bonds and loans:</i>									
Transfer Station Renovation Project	\$ 200,000	10/23/2014	1.75%-4%	10/15/2024	159,468	-	19,933	139,535	19,934
Septic Loan Program	\$ 415,000	11/18/2015	2.34-3.236%	10/1/2025	370,000	-	45,000	325,000	45,000
Total general obligation bonds and loans.					<u>529,468</u>	<u>-</u>	<u>64,933</u>	<u>464,535</u>	<u>64,934</u>
<i>Capital lease obligations:</i>									
TS Compactor	\$ 228,509	6/29/2018	3.31%	7/2/2024	-	228,509	-	228,509	35,906
Total capital lease obligations					<u>-</u>	<u>228,509</u>	<u>-</u>	<u>228,509</u>	<u>35,906</u>
Total business type long-term debt					<u>529,468</u>	<u>228,509</u>	<u>64,933</u>	<u>693,044</u>	<u>100,840</u>
Total long-term obligations					<u>\$ 125,093,995</u>	<u>\$ 2,204,403</u>	<u>\$ 5,314,393</u>	<u>\$ 121,984,005</u>	<u>\$ 2,996,882</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Risk Management

Through their operations, the Town and the School Department are exposed to various risks of loss related, but not limited to, torts, general liability, errors and omissions, property losses due to theft, damage, or destruction, and employee injuries, each of which is insured through a public entity risk pool. The Town and the School Department are also exposed to risk loss related to claims for unemployment, for which the Town and the School Department retain the risk of loss.

The Town and the School Department are members of the Rhode Island Interlocal Risk Management Trust (the Trust), a nonprofit public entity risk pool which provides insurance coverage to participants in exchange for an annual premium and a pro-rata share of certain administrative expenses. Coverage is provided in accordance with each member's policy, subject to maximum insurable limits and deductibles, through a pooling of risks among participants, supplemented by commercial reinsurance for excess losses. Management believes the Trust's reserves to be adequate to meet all reported claims, as well as an estimate of potential claims for losses incurred but not reported. Accordingly, no accrual has been made for potential liabilities arising from risks once they have been transferred to the Trust. The Town and the School Department are members of the Trust, a joint purchasing group which provides health and dental insurance coverage to participants in exchange for a premium. There have been no significant reductions in insurance coverage during the year ended June 30, 2018 and no settlements exceeding the insurance coverage in the past three years.

Upon joining the Trust, members execute a member agreement. That document, pursuant to which the Trust was established and operates, outlines the rights and responsibilities of both the members and the Trust. Members of the Trust participated in the Trust's health insurance plan administered by Blue Cross Blue Shield of Rhode Island (BCBSRI).

Using the rate calculations prepared by BCBSRI for individually rated entities, the Trust sets annual contribution rates for the subscribers of each member for each program offered. The Trust agreement requires that those contribution rates be set at a level sufficient, in the aggregate, to satisfy the funding requirements of the Trust. The contributions of each member are deposited in the Trust's general fund, and are used to pay for claims, reinsurance and all administrative expenses. The Trust agreement provides for an annual independent audit of its financial statements.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

8. Risk Management (continued)

The Group agreement provides the Trust's Board of Directors a discretionary, fully allocable assessment feature with respect to specified circumstances. After it has been a member of the Trust for an initial three-year period, a member may withdraw from the Trust by providing the Trust's Board of Directors with 90 days' notice.

9. Interfund Balances

The Town reports interfund balances between many of its funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

Interfund receivables and payables are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>
<u>Major Governmental Funds</u>				
General fund	\$ -	\$ 5,843,077	\$ 355,171	\$ 33,372,120
School unrestricted fund	4,656,209	6,038,006	32,048,768	787,481
Town capital projects	7,095,982	-	895,230	
<u>Non-Major Governmental Funds</u>				
Town special revenue	278,205	368,345	-	390,000
School special revenue	632,610	707,309	-	207,566
Town capital projects	243,534	1,306,203	373,198	290,171
School capital projects	1,764,688	-	1,313,653	-
Permanent funds	5,338	-	-	-
<u>Proprietary Funds</u>				
School cafeteria fund	2,003,331	1,903,963	6,394	-
Transfer station	-	170,175	-	-
Wind turbine generator fund	-	387,418	-	-
Summer school	-	234	-	-
Septic system loan program	35,899	-	54,924	-
Glen farm equestrian	8,934	-	-	-
Totals	<u>\$ 16,724,730</u>	<u>\$ 16,724,730</u>	<u>\$ 35,047,338</u>	<u>\$ 35,047,338</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

10. Fund Balances

The Town has classified governmental fund balances at June 30, 2018 as follows:

	Major Funds		Non-Major Funds				Total	
	General Fund	Town Capital Project Fund	Town Special Revenue	School Special Revenue	Town Capital Projects	School Capital Projects		Permanent Funds
Fund Balances								
Nonspendable								
In Form	\$ 818,422	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,633	\$ 982,055
Restricted for								
General government	-	-	290,730	-	-	-	-	290,730
Public safety programs	-	-	151,553	-	-	-	-	151,553
Educational purposes	-	-	-	283,973	-	-	-	283,973
Public works and social services	-	-	42,454	-	-	-	-	42,454
Community services	-	-	4,588	-	-	-	-	4,588
Capital projects	-	7,102,257	-	-	63	1,663,890	-	8,766,210
Committed to								
Educational purposes	928,995	-	-	-	-	-	-	928,995
Capital projects	-	-	-	-	381,315	-	-	381,315
Assigned to								
Open space	139,754	-	-	-	-	-	-	139,754
Unassigned	7,317,622	-	(23,913)	(217)	(1,306,202)	-	-	5,987,290
	<u>\$ 9,204,793</u>	<u>\$ 7,102,257</u>	<u>\$ 465,412</u>	<u>\$ 283,756</u>	<u>\$ (924,824)</u>	<u>\$ 1,663,890</u>	<u>\$ 163,633</u>	<u>\$ 17,958,917</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits

Other Post-Employment Benefits (OPEB) – Town Employees

Plan Description

Through its single-employer defined benefit plan (OPEB Plan), the Town provides postretirement healthcare benefits to all Town employees who meet years of service and age requirements. For police and fire employees, upon death of the retiree, health care coverage continues to the unmarried surviving spouse and dependent children up to age 10. For general employees, retiree health care coverage is discontinued upon death of the retiree. The plan's provisions may be amended by the Town and the Trustees of the plan. The trust is accounted for as an OPEB trust fund in the Town's financial statements.

The most recent actuarial valuation for the OPEB Plan was performed as of June 30, 2018.

Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The OPEB activity is accounted for on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan. Administration costs are generally financed through the Town's General Fund.

b. Benefits and Employee Contributions:

The Trust paid 100% of the amount for medical and dental costs incurred by eligible retirees, which totaled \$1,019,210 for the year ended June 30, 2018.

Public Works, Fire and Police contributed 0.25%, 1.5% and 1.0% of salary respectively, to the OPEB Trust which amounted to \$53,958 in employee contributions and \$1,069,210 in employer contributions for the year ended June 30, 2018.

The Town pays 100% of the cost of the individual health care and dental insurance for all retired eligible employees until Medicare eligibility, except for Public Works employees who contribute 20% of the medical and dental premiums.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) – Town Employees (continued)

As of June 30, 2018, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	117	50	167

Investment policy:

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Town’s adopted asset allocation policy as of June 30, 2018.

Asset Class	Target Allocation
US Large Cap Equity	33.65%
US Mid Cap Equity	7.55%
US Small Cap Equity	2.10%
International Equity	11.05%
EM Equity	1.65%
US Aggregate Bonds	16.05%
U.S. Short Duration	9.70%
US High Yield Bonds	4.85%
TIPS	3.40%
Diversifying Strategies	10.00%
Total	100.00%

Concentrations:

There were no concentrations noted as of June 30, 2018.

Rate of return:

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense was 8.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - Town Employees (Continued)

Net OPEB Liability of the Town:

The components of the net OPEB liability of the Town at June 30, 2018 were as follows:

Total OPEB liability	\$ 19,774,457
Plans fiduciary net position	<u>1,310,523</u>
Town's net OPEB liability	<u>\$ 18,463,934</u>

Plan net position as a percentage

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - Town Employees (Continued)

Key assumptions

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none">•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
Actuarial Assumptions:	
Investment Rate of Return:	5.50%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	3.50% as of June 30, 2018 and for future periods
Salary Increases:	3.50% annually as of June 30, 2018 and for future periods
Pre-Retirement Mortality:	RPH-2015 total database set mortality table fully generational using Scale MP-2015 to RPH-2016.
Assumed rate of retirement:	40% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2018 <ul style="list-style-type: none">• Discount rate is 4.03% previously 3.71%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - Town Employees (Continued)

Asset Class	Long-term Expected Real Rate of Return
US Large Cap Equity	6.40%
US Mid Cap Equity	7.90%
US Small Cap Equity	7.50%
International Equity	7.20%
EM Equity	9.70%
US Aggregate Bonds	2.60%
U.S. Short Duration	2.80%
US High Yield Bonds	4.90%
TIPS	2.80%
Diversifying Strategies	4.88%
I. Real Rate of Return	5.50%
II. Inflation Assumption	<u>3.50%</u>
III. Total Nominal Return [I. + II.]	<u>9.00%</u>

Changes in the Net OPEB Liability

		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 21,874,794	\$ 1,115,701	\$ 20,759,093
Service cost	887,744	-	887,744
Interest on net OPEB liability and service cost	825,756	-	825,756
Changes of benefit terms	(8,005)	-	(8,005)
Differences between actual and expected experience	(2,179,438)	-	(2,179,438)
Changes in assumptions	(607,184)	-	(607,184)
Benefit payments, including refunds	(1,019,210)	(1,019,210)	-
Trust administrative expenses	-	(10,486)	10,486
Contributions - employer	-	1,069,210	(1,069,210)
Contributions - active employees	-	53,958	(53,958)
Net investment income	-	101,350	(101,350)
Net changes	<u>(2,100,337)</u>	<u>194,822</u>	<u>(2,295,159)</u>
Balances at June 30, 2018	<u>\$ 19,774,457</u>	<u>\$ 1,310,523</u>	<u>\$ 18,463,934</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - Town Employees (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 4.03 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.03 percent) or 1- percentage-point higher (5.03 percent) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (3.03%)	Current discount rate (4.03%)	1% Increase (5.03%)
Total OPEB liability	\$ 20,449,709	\$ 18,463,934	\$ 16,723,603

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost 79 trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (8.00%) decreasing to 4.00%	Current trend rate (9.00%) decreasing to 5.00%	1% Increase (10.00%) decreasing to 6.00%
Total OPEB liability	\$ 16,377,073	\$ 18,463,934	\$ 20,911,417

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - Town Employees (Continued)

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2018 the Town recognized OPEB expense of \$1,514,741. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred outflows of resources	
Differences between actual and expected experience	\$ 1,894,007
Deferred inflows of resources	
Differences between actual and expected experience	1,868,090
Changes in assumptions	760,094
Net difference between projected and actual earnings on OPEB plan investments	<u>55,984</u>
Total	<u>\$ (790,161)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (83,382)
2020	(83,382)
2021	(83,381)
2022	(74,707)
2023	(67,221)
Thereafter	(398,088)

Other Post-Employment Benefits (OPEB) - School Department Employees

Plan Description

The School Department maintains and administers a single-employer OPEB benefit plan that covers all School Department employees with fifteen years of service. The plan provides health benefits and dental insurance benefits to eligible retired employees and their beneficiaries. The plan's provisions may be amended by the Portsmouth School Committee and the Trustees of the plan. The School Department has not yet established a Trust to pre-fund OPEB liabilities. Accordingly, the OPEB activity is accounted for in the School Unrestricted Fund in the Town's financial statements.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The OPEB activity is accounted for on the accrual basis of accounting. Contributions are recognized when they are due, pursuant to formal commitments and contractual requirements. Investment income is recognized when earned. Expenses (benefits and administration) are recognized when they are due and payable in accordance with terms of the plan. Administrative costs are generally financed through the School Unrestricted Fund.

b. Benefits and Employee Contributions:

For the year ended June 30, 2018 the School Department paid 100% of the cost of individual health care insurance and dental insurance benefits for all retired eligible employees, AFSCME and At-Will employees for six years, NEA (Teachers) and Administrators for nine years, capped at the premium cost at the time of retirement. The amounts due for these benefits are funded on an at-will basis. Employees who decline health coverage at retirement are eligible to receive a one-time payment of \$3,500.

In 2012, the School Department changed the retiree health benefits provisions. The School Department's explicit subsidy will be discontinued once the retiree becomes Medicare eligible, even if they are still within the first six years of retirement. Medicare eligible retirees may not be enrolled in the School Department's plan unless they are among the grandfathered current retirees who can remain in the School Department's Medicare Supplement plan. Premium reimbursement benefit for employees who decline health care at retirement will be discontinued once the retiree is eligible for Medicare, even if they are still within the first six years of retirement.

Effective July 1, 2015, individual contract employees, which includes At-Will employees and those that are non-NEA and non-AFSCME are no longer eligible for retiree health benefits.

School Department funds post-retirement benefits on a pay-as-you go basis, which totaled \$333,087 for the year ended June 30, 2018.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) – School Department Employees (Continued)

As of June 30, 2018, the plan membership data is as follows:

Description	Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
Number	322	37	359

Net OPEB Liability of the School:

The components of the net OPEB liability of the School at June 30, 2018 were as follows:

Total OPEB liability	\$ 3,414,823
Plans fiduciary net position	-
Town's net OPEB liability	\$ 3,414,823

Plan net position as a percentage

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - School Employees (Continued)

Key assumptions

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2018.
 Actuarial Cost Method: Entry Age Normal Actuarial Cost Method

Actuarial Assumptions:

Investment Rate of Return: 3.87%, net of OPEB plan investment expense
 Medical inflation: 9.00% trending to an ultimate rate of 5.00%
 Inflation: 2.75% per year
 Salary Increases: 3.50% annually as of June 30, 2018 and for future periods
 Pre-Retirement Mortality: RP-2014 adjusted to 2006 total database set mortality table projected to valuation date with Scale MP-2015
 Assumed rate of retirement: 25% for 10 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
 Marriage assumptions: 85% of males and 85% of females assumed to be married with wives to be three years younger than their husbands

Changes in the Net OPEB Liability

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 3,938,455	\$ -	\$ 3,938,455
Service cost	86,311	-	86,311
Interest on net OPEB liability and service cost	137,405	-	137,405
Differences between actual and expected experience	(350,776)	-	(350,776)
Changes in benefit terms	22,101	-	22,101
Changes in assumptions	(85,586)	-	(85,586)
Benefit payments, including refunds	(333,087)	(333,087)	-
Contributions - employer	-	333,087	(333,087)
Net investment income	-	-	-
Net changes	<u>(523,632)</u>	<u>-</u>	<u>(523,632)</u>
Balances at June 30, 2018	<u>\$ 3,414,823</u>	<u>\$ -</u>	<u>\$ 3,414,823</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - School Employees (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 3.87 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the School, as well as what the School’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1- percentage-point higher (4.87 percent) than the current discount rate:

	Impact of 1% Change in Discount Rate		
	1% Decrease (2.87%)	Current discount rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 3,702,515	\$ 3,414,823	\$ 3,158,826

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the School, as well as what the School’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	Impact of 1% Change in Healthcare Trend Rate		
	1% Decrease (8.00% decreasing to 4.00%)	Current trend rate (9.00% decreasing to 5.00%)	1% Increase (10.00% decreasing to 6.00%)
Total OPEB liability	\$ 3,115,946	\$ 3,414,823	\$ 3,758,468

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

11. Post-Employment Health Care Benefits (continued)

Other Post-Employment Benefits (OPEB) - School Employees (Continued)

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2018 the School recognized OPEB expense of \$201,680. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred inflows of resources	
Change in assumptions	\$ 140,190
Differences between actual and expected experience	<u>179,179</u>
Total	<u>\$ (319,369)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (44,137)
2020	(44,137)
2021	(44,137)
2022	(44,137)
2023	(44,137)
Thereafter	(98,684)

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans

(a) Town of Portsmouth Retirement Plan

Plan Membership

The Town participates in a single-employer defined benefit plan. At June 30, 2018, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	153
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>161</u>
Subtotal	<u><u>321</u></u>

Benefit Provisions and Contributions

The following benefit provision and contribution requirements were established and may be amended by Town ordinance.

Any participant, who has attained his or her normal retirement date, as defined in the plan, is eligible for a normal retirement benefit. The monthly benefit payable upon normal retirement is based on average monthly salary multiplied by credited service as follows:

Police Employees

20 years of credited service.

60% of average monthly earnings reduced plus 2% for each year beyond 20 years subject to a maximum of 70%. Does not apply to Police employees hired after July 1, 2010.

An employee's average monthly earnings are defined as the highest gross annual salary during the last three years of employment. Gross annual salary includes base salary and longevity, but excludes overtime, clothing allowance, holiday pay and any other forms of compensation.

Fire Employees

20 years of credited service.

For service before July 1, 2013: 3% of average monthly earnings per year of credited service to a maximum of 20 years plus 2% for each year beyond 20 years.

For service on or after July 1, 2013 and before June 30, 2016: 1% of average monthly earnings per year of credited service.

For service on or after July 1, 2016: 2% of average monthly earnings per year of credited service.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (continued)

Fire Employees	<p>Fire Deputy and Fire Chief: 3% of average monthly earnings per year of credited service to a maximum of 20 years plus 2% for each year beyond 20 years.</p> <p>The maximum benefit is 74% of average monthly earnings.</p> <p>An employee's average monthly earnings are defined as the highest gross annual salary during the last three years of employment. Gross annual salary includes base salary, longevity and E.M.T bonus, but excludes overtime, clothing allowance, holiday pay and any other forms of compensation.</p> <p>Employees hired on or after July 1, 2013 are not entitled to Normal Retirement Benefits.</p>
Town Non-Management	<p>Age 60 with 10 years of credited service.</p> <p>For service before July 1, 2013: 2.5% of average monthly earnings per year of credited service to a maximum of 27 years.</p> <p>For service on or after July 1, 2013 and before July 1, 2016: 1% of average monthly earnings per year of credited service.</p> <p>For service on or after July 1, 2016: 2% of average monthly earnings per year of credited service.</p> <p>The maximum benefit is 67.5% of average monthly earnings. Benefit is reduced pro-rata if less than 20 years of service.</p>
Town Management	<p>Age 60 with 10 years of credited service.</p> <p>3.0% of average monthly earnings per year of credited service for up to 20 years of service, plus 2.0% of average monthly earnings per year of credited service to a maximum of 74%. For benefit accrual purposes, credited service is frozen as of July 1, 2014.</p> <p>An employee's average monthly earnings are defined as the highest annual salary (base salary and longevity) during the final three years of employment.</p> <p>Town Hall employees hired on or after July 1, 2012 are not eligible to participate in this Plan.</p>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (continued)

School Employees

Age 60 with 10 years of credited service.

Non-Certified:

For service before October 1, 2013: 2.5% of average monthly earnings per year of credited service.

For service on or after October 1, 2013: 1% of average monthly earnings per year of credited service.

Benefit is reduced pro-rata if less than 20 years of service.

Non-certified employees hired after July 1, 2012 and before October 1, 2013 were transferred to the defined contribution plan effective October 1, 2013.

Management:

2.5% of average monthly earnings per year of credited service. Benefit is reduced pro-rata for less than 20 years of service.

An employee's average monthly earnings are defined as base annual salary and longevity pay averaged over the final three years of employment.

School Department employees who are not School Management and who are hired on or after October 1, 2013 are not eligible to participate in this Plan.

Public Works Employees

Age 60 with 10 years of credited service.

For employees with less than 10 years of credited service at July 1, 2013 who were hired before June 30, 2010: 2.5% of average monthly earnings per year of credited service up to a maximum of 25%. Benefit is reduced pro-rata if less than 20 years of service.

For employees with 10 or more years of service as of June 30, 2013: 2.5% of average monthly earnings per year of credited service prior to July 1, 2013 to a maximum of 67.5%. Benefit is reduced pro-rata if less than 20 years of service.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Benefit Provisions and Contribution (continued)

Public Works Employees An employee's average monthly earnings are defined as annual salary (base salary and longevity) averaged over the final five years of employment.

Employees hired on or after July 1, 2010 are not entitled to Normal Retirement Benefits.

Employees are required to contribute to the Plan as follows:

Police employees 9.0% of gross annual earnings.
No contributions for employees hired on or after July 1, 2010

Fire employees 4.0% of gross annual earnings inclusive of base salary, longevity, EMT bonus and holiday pay (previously, 4.0% of base pay).
Fire Deputy and Fire Chief: 10.0% of gross annual earnings inclusive of base salary, longevity, EMT bonus and holiday pay.
No contribution for employees hired on or after July 1, 2013.

Town employees **Non-management:** Effective July 1, 2016, 5.0% (previously, 6.0%) of base salary.
Management: No employee contributions after July 1, 2014.

School employees **Non-Certified:** 4% of gross annual salary.
Management: 6% of gross annual salary. 2% of gross annual salary for employees hired before July 1, 1991.

Public Works employees For participants with less than 10 years of service who are eligible for an Option 1 benefit, 4.0% of annual salary, until participant has accrued 10 years of service.
No employee contributions after July 1, 2013 for other employees.

The Town is required to contribute an amount determined in accordance with the actuarial valuation. The Town's contributions for the Town's Retirement Plan for the fiscal years ended June 30, 2018, 2017 and 2016 were \$4,322,591, \$3,955,207 and \$3,623,290, respectively.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) *Town of Portsmouth Retirement Plan (continued)*

Actuarial Methods and Significant Assumptions

Basis of Accounting - The Town Retirement Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

Method Used to Value Investments - Investments are reportable at fair value

Investments

Investments are reported at fair value, based on quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State does not have pertinent laws regarding investments that apply to cities and towns. The Town does not have an investment policy for custodial credit risk or other risks other than those relating to its pension trust fund and OPEB trust fund (Managed Funds). The Town's Pension/OPEB Trust Fund Investment Advisory Committee is responsible for the supervision of the investment of the Town's Managed Funds investments with the objective of preserving capital and investing with care to minimize the risk of large losses.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	37.70%
International developed markets equity	13.00%
International emerging markets equity	9.10%
Core fixed income	28.00%
High-yield fixed income	7.00%
Real estate	5.20%
Total	<u>100%</u>

Pension assets are valued at their fair value as established by quotations from applicable national securities exchanges. Valuations of accrued liabilities, pension assets and annual requirement contributions for the Plan were performed annually through June 30, 2018.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Net Pension Liability

The components of the net pension liability of the Pension System at June 30, 2018 were as follows:

Total pension liability	\$ 98,072,246
Plan fiduciary net position	<u>(56,716,068)</u>
Town's net pension liability	<u>\$ 41,356,178</u>
Plan fiduciary net position as a percentage of the total pension liability	57.83%

Actuarial Assumptions

Healthy mortality rates are based on RP-2014 Employee and Healthy Annuitant Mortality Tables with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally using Scale SSA-2014 2D from 2006. Disabled retiree mortality rates are based on RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed out to a base year of 2006 and projected generationally using Scale SSA-2014 2D from 2006 and set forward 5 years.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net position plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	6.15%
International developed market equities	7.11%
International emerging market equities	9.41%
Core fixed income	1.68%
High-yield fixed income	4.13%
Real estate	4.90%

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) Town of Portsmouth Retirement Plan (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made as the current contribution rate and that the Town of Portsmouth's contributions will be made as the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Pension System, calculated using the discount rate of 6.75%, as well as what the Pension System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Plan's Net Pension Liability	\$ 55,040,997	\$ 41,356,178	\$ 30,241,120

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$5,988,243. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,139,738	\$ -
Changes of assumptions	834,459	-
Difference between projected and actual earnings on plan investments	278,252	-
Total deferred outflows / (inflows)	\$ 3,252,449	\$ -

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(a) *Town of Portsmouth Retirement Plan (continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	2,278,528
2020		982,828
2021		56,931
2022		(65,838)
Thereafter		-
	\$	<u>3,252,449</u>

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 7/1/2017	\$ 92,748,476	\$ 52,916,280	\$ 39,832,196
Changes for the year:			
Service cost	1,354,501	-	1,354,501
Interest on total pension liability	6,194,141	-	6,194,141
Change of benefit terms	(15,093)	-	(15,093)
Differences between expected and actual experience	1,978,473	-	1,978,473
Changes in assumptions	487,587	-	487,587
Contributions - employer	-	4,322,591	(4,322,591)
Contributions - employee	-	301,399	(301,399)
Net investment income	-	3,897,741	(3,897,741)
Benefit payments	(4,675,839)	(4,675,839)	-
Administrative expense	-	(46,104)	46,104
Net changes	<u>5,323,770</u>	<u>3,799,788</u>	<u>1,523,982</u>
Balance as of 6/30/2018	<u>\$ 98,072,246</u>	<u>\$ 56,716,068</u>	<u>\$ 41,356,178</u>

(b) *Employees' Retirement System - Teachers (ERS)*

General Information about the Pension Plan

Plan Description

Certain employees of the Portsmouth School Department participate in a cost-sharing multiple- employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employer's payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

General Information about the Pension Plan (continued)

Plan Description (continued)

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Benefit Provisions

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Town of Portsmouth, Rhode Island

Notes to Financial Statements
For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2017, Portsmouth School Department teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the Portsmouth School Department are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by Portsmouth School Department. The rates were 9.89% and 13.24% of annual covered payroll for the fiscal year ended June 30, 2018 for the State and Portsmouth School Department, respectively. The Portsmouth School Department contributed \$2,319,830, \$2,273,897 and \$2,406,202 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Portsmouth School Department reported a liability of \$31,283,742 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the Portsmouth School Department as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Portsmouth School Department were as follows:

Portsmouth School Department proportionate share of net pension liability	\$ 31,283,742
State's proportionate share of the net pension liability associated with the Portsmouth School Department	<u>23,642,993</u>
Total net pension liability	<u>\$ 54,926,735</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The Portsmouth School Department's proportion of the net pension liability was based on a projection of the Portsmouth School Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2017 the Portsmouth School Department's proportion was 0.99%.

For the year ended June 30, 2018 the Portsmouth School Department recognized gross pension expense of \$3,903,727 and revenue of \$1,812,037 for support provided by the State. At June 30, 2018 the Portsmouth School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 741,664
Changes of assumptions	2,732,184	492,983
Net difference between projected and actual earnings on pension plan investments	790,248	-
Changes in proportion and differences between System contributions and proportionate share contributions	190,638	3,738,605
Contributions subsequent to the measurement date	2,319,830	-
	<u>\$ 6,032,900</u>	<u>\$ 4,973,252</u>
Net amount of deferred outflows and (inflows) excluding PSD contributions subsequent to measurement date		<u>\$ (1,260,182)</u>

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

\$2,319,830 reported as deferred outflows of resources related to pensions resulting from the Portsmouth School Department contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Year ended June 30:		
2018	\$	(372,205)
2019		148,629
2020		(236,836)
2021		(786,717)
2022		(147,885)
Thereafter		<u>134,832</u>
	\$	<u>(1,260,182)</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

Actuarial Assumptions (continued)

Asset class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(b) Employees' Retirement System - Teachers (ERS) (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ 39,316,189	\$ 31,283,742	\$ 25,300,847

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

(c) Teachers Defined Contribution Pension Plan

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% (7% for teachers not covered by social security) of their annual covered salary and employers contribute between 1% and 1.5% (between 3% and 3.5% for teachers not covered by social security) of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(c) Teachers Defined Contribution Pension Plan (continued)

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

The Portsmouth School Department recognized pension expense of \$413,297, for the fiscal year ended June 30, 2018.

The System issues a publicly available financial report that includes financial statements and required supplementary information for plans administered by the system. The report may be obtained at <http://www.ersri.org>.

(d) Teachers Survivor Benefits

General Information about the Pension Plan

Plan Description

Certain employees of the Portsmouth School Department participate in a cost-sharing multiple- employer defined benefit pension plan - the Teachers' Survivors Benefit plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in Social Security.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Eligibility and Plan Benefits

The plan provides a survivor benefit to public school teachers in lieu of Social Security since not all school districts participate in the plan. Specific eligibility criteria and the amount of the benefit is subject to the provisions of Chapter 16-16 of the Rhode Island General Laws which are subject to amendment by the General Assembly. Spouse, parents, family and children's benefits are payable following the death of a member. A spouse shall be entitled to benefits upon attaining the age of sixty (60) years. Children's benefits are payable to the child, including a stepchild or adopted child of a deceased member if the child is unmarried and under the age of eighteen (18) years or twenty-three (23) years and a full time student, and was dependent upon the member at the time of the member's death. Family benefits are provided if, at the time of the member's death, the surviving spouse has in his or her care a child of the deceased member entitled to child benefits. Parents benefits are payable to the parent or parents of a deceased member if the member did not leave a widow, widower, or child who could ever qualify for monthly benefits on the member's wages and the parent has reached the age of 60 years, has not remarried, and received support from the member.

In January, a yearly cost-of-living adjustment for spouse's benefits is paid and based on the annual social security adjustment.

Survivors are eligible for benefits if the member has made contributions for at least six months prior to death or retirement.

The TSB plan provides benefits based on the highest salary at the time of retirement of the teacher. Benefits are payable in accordance with the following table:

Highest Annual Salary	Basic Monthly Spouse's Benefits
\$17,000 or less	\$750
\$17,001 to \$25,000	\$875
\$25,001 to \$33,000	\$1,000
\$33,001 to \$40,000	\$1,125
\$40,001 and over	\$1,250

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Eligibility and Plan Benefits

Benefits payable to children and families are equal to the spousal benefit multiplied by the percentage below:

Parent and One Child	Parent and Two or more children	One Child <i>Alone</i>	Two Children <i>Alone</i>	Three or more children <i>Alone</i>	Dependent Parent
150%	175%	75%	150%	175%	100%

Contributions

The contribution requirements of active employees and the participating school districts were established under Chapter 16-16 of the Rhode Island General Laws, which may be amended by the General Assembly. The cost of the benefits provided by the plan are two percent (2%) of the member's annual salary up to, but not exceeding, an annual salary of \$9,600; one-half (1/2) of the cost is contributed by the member by deductions from his or her salary, and the other half (1/2) is contributed and paid by the respective school district by which the member is employed. These contributions are in addition to the contributions required for regular pension benefits.

The Portsmouth School Department contributed \$26,247, \$21,486 and \$24,622 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the Portsmouth School Department reported an asset of \$3,013,282 for its proportionate share of the net pension asset related to its participation in TSB. The net pension asset was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. The Portsmouth School Department proportion of the net pension asset was based on its share of contributions to the TSB for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2017, the Portsmouth School Department proportion was 3.64%.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

For the year ended June 30, 2018 the Town recognized pension expense of \$617,480 – an increase in the net pension asset. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 594,693	\$ 633,207
Changes of assumptions	496,412	-
Net difference between projected and actual earnings on pension plan investments	192,522	-
Changes in proportion and differences between System contributions and proportionate share contributions	293,256	47,016
Contributions subsequent to the measurement date	26,247	-
	<u>\$ 1,603,130</u>	<u>\$ 680,223</u>
Net amount of deferred outflows and (inflows) excluding Town contributions subsequent to measurement date		<u>\$ 896,660</u>

\$26,247 reported as deferred outflows of resources related to pensions resulting from the Portsmouth School Department contributions in fiscal year 2018 subsequent to the measurement date will be recognized as an addition to the net pension asset for the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Year ended June 30:		
2019	\$	142,906
2020		291,064
2021		183,044
2022		24,130
2023		112,155
Thereafter		<u>143,361</u>
	\$	<u><u>896,660</u></u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% to 13.00%
Investment rate of return	7.00%

Mortality – variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

Cost of living adjustment – eligible survivors receive a yearly cost of living adjustment based on the annual social security adjustment – for valuation purposes, a 2.75% cost of living adjustment is assumed.

The actuarial assumptions used in the June 30, 2016 valuation and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2017 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Actuarial Assumptions (continued)

Asset class	Target allocation	Long-term expected real rate of return
Global equity:		
U.S. equity	20.60%	6.85%
International developed	15.90%	6.71%
International emerging markets	3.50%	8.91%
Private Growth		
Private Equity	11.30%	9.62%
Non-Core RE	2.20%	5.17%
OPP Private Credit	1.50%	9.62%
Income		
High Yield Infrastructure	1.00%	4.26%
REITS	1.00%	5.17%
Liquid Credit	2.80%	4.26%
Private Credit	3.20%	4.26%
Crisis Protection Class		
Treasury Duration	4.00%	0.83%
Systematic Trend	4.00%	3.81%
Inflation Protection		
Core Real Estate	3.60%	5.17%
Private Infrastructure	2.40%	5.57%
TIPs	1.00%	1.72%
Natural Resources	1.00%	3.98%
Volatility Protection		
IG Fixed Income	11.50%	2.12%
Absolute Return	6.50%	3.81%
Cash	3.00%	0.83%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

12. Pension Plans (continued)

(d) Teachers Survivor Benefits (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) calculated using the discount rate of 7.0 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

1.00% Decrease (6.0%)	Current Discount Rate (7.0%)	1.00% Increase (8.0%)
\$ (2,061,001)	\$ (3,013,282)	\$ (3,722,232)

Pension plan fiduciary net position

Detailed information about this pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

13. Deferred Compensation Plan

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to certain municipal employees, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 2000, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have been removed from the Town's financial statements.

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

14. Contingent Liabilities and Commitments

The Town is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of some of these matters may have a material effect on the financial condition of the government. The Town has appropriately provided for these matters, as applicable.

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material. Currently, there are no reviews taking place. The School Department participates as part of the East Bay Collaborative for the school lunch program administered by the Compass Group, USA, Inc. through its Chartwells Division under five one-year agreements.

The School Department has a five-year agreement, through June 30, 2020, with First Student, Inc. to provide busing for the School Department based on the rate schedule specified in the agreement. Busing costs associated with this agreement totaled approximately \$2,319,978 for the year ended June 30, 2018. Estimated costs to be incurred over the remaining 2-year life of this contract are approximately \$3,548,000 (\$1,774,000 per year). At June 30, 2018 the Town (including the School Department) had a contract with Aramark Management Services through fiscal year 2021 for purposes of facilities management.

15. Tax Abatements

The town has the following tax financing agreements in place at year end:

map/lot	Address	State Code	Original AV	Exemption	Post Exemption	Tax Rate	Amt Tax Credit	Year Started
31-127	POTOMAC LLC	66	\$ 782,900	\$ 168,960	\$ 613,940	15.420	\$ 2,605	2013
29-32	PORTSMOUTH RI COMMERCIAL LLC	66	\$ 1,140,900	\$ 433,440	\$ 707,460	15.420	\$ 6,684	2016
37-69	CLOCK TOWER SQ LLC	66	\$ 1,481,300	\$ 427,980	\$ 1,053,320	15.420	\$ 6,599	2015
37-69:201	TUCKERMAN GROUP	66	\$ 198,100	\$ 118,860	\$ 79,240	15.420	\$ 1,833	2015
37-69:203	H & A REAL ESTATE MANAGEMENT	66	\$ 220,700	\$ 132,420	\$ 88,280	15.420	\$ 2,042	2015
37-69:205	MJSR INVESTMENT HOLDINGS	66	\$ 328,600	\$ 197,160	\$ 131,440	15.420	\$ 3,040	2015
37-69:206	BOSTON BUSINESS CORPORATION	66	\$ 198,700	\$ 119,220	\$ 79,480	15.420	\$ 1,838	2015
37-69:208	208 CLOCK TOWER SQUARE LLC	66	\$ 257,500	\$ 154,500	\$ 103,000	15.420	\$ 2,382	2015
37-69:209	CLOCK TOWER REALTY LLC	66	\$ 504,500	\$ 302,700	\$ 201,800	15.420	\$ 4,668	2015
TPP	COX COM INC	66	\$ 2,500	\$ 500	\$ 32,425	15.420	\$ 500	2014

Town of Portsmouth, Rhode Island

Notes to Financial Statements

For the Year Ended June 30, 2018

16. Subsequent Events

Management reviewed subsequent events through the report date of December 26, 2018 and did not note any necessary disclosure.

Town of Portsmouth, Rhode Island

For the Year Ended June 30, 2018

Required Supplementary Information
Section

Town of Portsmouth, Rhode Island
Required Supplementary Information
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2018

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes				
Current collections	\$ 51,573,485	\$ 51,573,485	\$ 51,094,783	\$ (478,702)
Prior year collections	1,100,000	1,100,000	1,484,363	384,363
Prorated collections	58,000	58,000	-	(58,000)
PILOT - housing authority	11,500	11,500	8,421	(3,079)
School housing aid	794,223	794,223	699,947	(94,276)
Hotel and meal	282,997	282,997	288,994	5,997
Public service corporation	223,391	223,391	228,990	5,599
MV excise tax	84,669	84,669	302,146	217,477
State library	113,853	113,853	113,853	-
Other revenue	30,000	30,000	46,000	16,000
Fees and licenses	2,549,600	2,549,600	2,822,328	272,728
Leases and rentals	561,704	561,704	511,054	(50,650)
Total revenues	<u>57,383,422</u>	<u>57,383,422</u>	<u>57,600,879</u>	<u>217,457</u>
Expenditures:				
Town council	18,066	18,066	18,189	(123)
Town administration	279,974	279,974	266,877	13,097
Town clerk	380,739	380,739	336,149	44,590
Canvassing	184,766	184,766	166,315	18,451
Human resources	1,872,539	1,872,539	2,274,678	(402,139)
Finance	971,946	971,946	1,031,101	(59,155)
Legal	225,000	225,000	176,235	48,765
Tax assessor / collector	549,660	549,660	496,715	52,945
Police	5,884,000	5,884,000	5,619,791	264,209
Prudence island special service	109,865	109,865	106,804	3,061
Animal control	109,197	109,197	106,996	2,201
Harbormaster	112,573	112,573	77,848	34,725
Fire	6,084,917	6,084,917	6,246,495	(161,578)
Public works	2,601,361	2,601,361	2,472,041	129,320
Public works: snow / road	975,355	975,355	894,461	80,894
Building inspection	301,815	301,815	302,743	(928)
Planning	388,385	388,385	342,249	46,136
Board and committees	30,724	30,724	36,476	(5,752)
Recreation / beach	117,865	117,865	104,500	13,365
Glen park	6,500	6,500	8,512	(2,012)
Melville park	11,500	11,500	6,872	4,628
Melville	-	-	(4,022)	4,022
Civic support	742,449	742,449	741,399	1,050
Prudence island vol. fire dept.	168,800	168,800	168,800	-
Town capital	139,051	139,051	139,051	-
School capital	223,198	223,198	223,198	-
Debt service	2,470,115	2,470,115	2,474,340	(4,225)
Total expenditures	<u>24,960,360</u>	<u>24,960,360</u>	<u>24,834,813</u>	<u>125,547</u>

See accompanying notes to required supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island
 Required Supplementary Information
 Budgetary Comparison Schedule – General Fund
 For the Year Ended June 30, 2018

	Budget Amounts		Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
	Original	Final		
Excess (deficiency) of revenues over expenditures	32,423,062	32,423,062	32,766,066	343,004
Other financing sources and (uses):				
Fund balance	(69,370)	(69,370)	-	69,370
School: local appropriation	(32,048,768)	(32,048,768)	(32,048,768)	-
Transfer from other funds	-	-	65,000	65,000
Transfer to other funds	(304,924)	(304,924)	(254,924)	50,000
Total other financing sources and uses	(32,423,062)	(32,423,062)	(32,238,692)	184,370
Excess (deficiency) of revenues and other sources over expenditures and other uses, budgetary basis	\$ -	\$ -	527,374	\$ 527,374
Adjustment of budgetary basis to U.S. GAAP			-	
Excess of revenue and other financing sources over expenditures and other financing uses, U.S. GAAP basis			527,374	
Fund balance, beginning of year			7,219,106	

*See accompanying notes to required supplementary information
 See independent auditor's report*

Town of Portsmouth, Rhode Island
Required Supplementary Information
Notes to Required Supplementary Information –
Budgetary Comparison
For the Year Ended June 30, 2018

Adoption:

In accordance with Town's Home Rule Charter, the Town Administrator must present to the Town Council a recommended annual budget for the operations of all municipal departments no later than 90 days prior to the commencement of each fiscal year. The recommended budget must include the School Department's annual budget as approved by the School Committee. A final budget must be adopted by the Town Council by June 30.

Budget is adopted for the General Fund on a legally enacted budgetary basis which differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budget is adopted on the modified accrual basis of accounting, except that budgetary expenditures include encumbrances in the year incurring the commitment to purchase, and budgetary revenues include subsidies from fund balance previously recognized under U.S. GAAP.

Encumbrances are not liabilities and, therefore, are not recognized as expenditures under U.S. GAAP until receipt of materials or services. For budgetary purposes, unencumbered and unexpended appropriations lapse at year end and outstanding encumbrances are included in the budgetary expenditures in the year committed. The Town reserves a portion of fund balance in the governmental fund financial statements equal to outstanding encumbrances at year end. At June 30, 2018, the Town did not have open encumbrances.

Budgetary Compliance:

Municipal budgetary control is legally enforceable at the department level. An appropriation transfer between departments and intra-departmental transfers of municipal appropriations require approval of the Town Council. In addition to limits enforced by the budget, the Town's Home Rule Charter further restricts municipal expenditures relative to budgeted revenues.

Budgetary to GAAP Basis Reconciliation:

There were no differences between budgetary basis and GAAP basis of accounting for the Town's General Fund for the year ended June 30, 2018.

See independent auditor's report

Town of Portsmouth, Rhode Island

Required Supplementary Information

Employees' Retirement System – Teacher's Pension Plan

Schedule of Town's Proportionate Share of the Net Pension Liability

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.99%	1.07%	1.06%	1.18%
Employer's proportionate share of the net pension liability	\$ 31,283,742	\$31,826,498	\$ 29,110,693	\$ 28,664,026
State's proportionate share of the net pension liability associated with the school district	<u>23,642,993</u>	<u>21,796,478</u>	<u>19,887,512</u>	<u>19,656,243</u>
Total	<u>\$ 54,926,735</u>	<u>\$ 53,622,976</u>	<u>\$ 48,998,205</u>	<u>\$ 48,320,269</u>
Employer's covered employee payroll	\$ 17,590,459	\$17,812,753	\$ 16,528,974	\$ 16,047,548
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	177.84%	178.67%	176.12%	178.62%
Plan fiduciary net position as a percentage of the total pension liability	54.06%	54.06%	57.55%	61.40%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

3.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

See accompanying notes to required supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island
Required Supplementary Information
Employees' Retirement System – Teacher's Pension Plan
Schedule of Town's Contributions
For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,319,830	\$ 2,273,897	\$ 2,406,202	\$ 2,304,139
Contributions in relation to the actuarially determined contribution	<u>2,319,830</u>	<u>2,273,897</u>	<u>2,406,202</u>	<u>2,304,139</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 17,823,609	\$17,590,459	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered- employee payroll	13.02%	12.93%	13.51%	11.63%

Notes:

1.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

3.) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

See accompanying notes to required supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island

Required Supplementary Information

Employees' Retirement System – Teacher's Pension Plan – Teacher Survivor Benefit

Schedule of Town's Proportionate Share of the Net Pension Asset – Teacher Survivor Benefit

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension asset	3.64%	3.83%	3.78%	3.91%
Employer's proportionate share of the net pension asset	\$ 3,013,282	\$ 3,817,161	\$ 3,529,932	\$ 4,865,868
Employer's covered employee payroll	\$ 17,590,459	\$ 17,812,753	\$ 16,528,974	\$ 16,047,548
Employer's proportionate share of the net pension asset as a percentage of its covered employee payroll	17.13%	21.43%	21.36%	30.32%
Plan fiduciary net position as a percentage of the total pension liability	136.1%	153.3%	146.6%	173.3%

Notes:

1.) *The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.*

2.) *Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*

3.) *Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.*

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Employees' Retirement System – Teacher's Pension Plan – Teacher Survivor Benefit

Schedule of Town's Contributions

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily determined contribution	\$ 26,247	\$ 21,486	\$ 24,622	\$ 22,815
Contributions in relation to the statutorily determined contribution	<u>26,247</u>	<u>21,486</u>	<u>24,622</u>	<u>22,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cover's employee payroll	\$ 17,823,609	\$ 17,590,459	\$ 17,812,753	\$ 16,528,974
Contributions as a percentage of covered-employee payroll	0.15%	0.12%	0.14%	0.14%

Notes:

1.) The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

2.) Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

3.) Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Notes to State ERS and TSB Plans

For the Year Ended June 30, 2018

The amounts presented for each fiscal year were determined as of the June 30 measurement date prior to the fiscal year end.

The schedules are intended to show information for 10 years – additional years will be displayed as they become available.

Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

Employers participating in the Teachers' Survivors Benefit Plan contribute at a rate established by RI General Laws, Section 16-16-35.

June 30, 2017 measurement date –

As part of the 2017 Actuarial Experience Investigation Study for the six-year period ending June 30, 2016 as approved by the System Board on May 15, 2017, certain assumptions were modified and reflected in the determination of the net pension liability (asset) at the June 30, 2017 measurement date. The following summarizes the more significant changes in assumptions:

- Decreased the general inflation assumption from 2.75% to 2.50%;
- Decreased the nominal investment return assumption from 7.50% to 7.00%;
- Decreased the general wage growth assumption from 3.25% to 3.00%;
- Decreased salary increase assumptions; and
- Updated the post-retirement mortality tables to variants of the RP-2014 table. For the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

June 30, 2016 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2016 measurement date compared to the June 30, 2015 measurement date.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Notes to State ERS and TSB Plans

For the Year Ended June 30, 2018

June 30, 2015 measurement date –

There were no changes in actuarial methods or assumptions reflected in the calculation of the net pension liability (asset) of the plans as of the June 30, 2015 measurement date compared to the June 30, 2014 measurement date

The June 30, 2015 measurement date determination of the net pension liability for the ERS and MERS plans reflects changes in benefit changes resulting from the settlement of litigation challenging the various pension reform measures enacted in previous years by the General Assembly. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rates to 11% for state employees and municipal general employees will contribute 8.25% (9.25% for units with a COLA provision) and participate solely in the defined benefit plan going forward – service credit accruals will increase from 1% to 2% per year.
- Members are eligible to retire upon the attainment of: age 65 with 30 years of service, 64 with 31 years of service, 63 with 32 years of service, or 62 with 33 years of service. Members may retire earlier if their RIRSA date is earlier or are eligible under a transition rule.
- MERS public safety employees may retire at age 50 with 25 years of service, or any age with 27 years of service. MERS public safety employees will contribute 9.00% (10.00% for units with a COLA provision)
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan. Also, members who earn less than \$35,000 per year will not be required to pay the administrative fees to the defined contribution plan.
- Members who retired from a COLA eligible plan before July 1, 2012 will received a one-time cost of living adjustment of 2% of the first \$25,000 paid as soon as administratively possible.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather than 5 year intervals.
- The COLA formula was adjusted to: 50% of the COLA is calculated by taking the previous 5-year average investment return, less 5.5% (5yr Return - 5.5%, with a max of 4%) and 50% calculated using previous year's CPI-U (max of 3%) for a total max COLA of 3.5%. This COLA is calculated on the first \$25,855, effective 01/01/16, and indexed as of that date as well. (The indexing formula is run annually regardless of funding level each year.)
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town Pension Plan

Schedule of Changes in Town's Net Pension Liability and Related Ratios

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total pension liability					
Service cost	\$ 1,354,501	\$ 1,316,275	\$ 1,252,788	\$ 1,240,913	\$ 1,389,334
Interest	6,194,141	5,988,522	5,652,355	5,245,240	4,915,100
Differences between expected and actual experience	1,978,473	-	1,024,895	1,229,633	2,000,989
Changes in assumptions	487,587	-	-	2,343,849	(203,891)
Changes of benefit terms	(15,093)	-	1,122,120	-	(879,278)
Benefit payments, including refunds of participant contributions	<u>(4,675,839)</u>	<u>(3,917,789)</u>	<u>(4,353,001)</u>	<u>(3,727,333)</u>	<u>(3,417,068)</u>
Net change in total pension liability	5,323,770	3,387,008	4,699,157	6,332,302	3,805,186
Total pension liability - beginning	<u>92,748,476</u>	<u>89,361,468</u>	<u>84,662,311</u>	<u>78,330,009</u>	<u>74,524,823</u>
Total pension liability - ending	<u>\$ 98,072,246</u>	<u>\$ 92,748,476</u>	<u>\$ 89,361,468</u>	<u>\$ 84,662,311</u>	<u>\$ 78,330,009</u>
Pension fiduciary net position					
Contributions - employer	\$ 4,322,591	\$ 3,955,207	\$ 3,623,290	\$ 4,054,721	\$ 2,792,576
Contributions - employee	301,399	334,211	347,245	348,380	388,692
Net investment income	3,897,741	5,647,914	(395,702)	277,740	6,330,851
Benefit payments, including refunds of participant contributions	(4,675,839)	(3,917,789)	(4,353,001)	(3,727,333)	(3,417,068)
Administrative expense	<u>(46,104)</u>	<u>(33,000)</u>	<u>(45,000)</u>	<u>(30,000)</u>	<u>(61,112)</u>
Net change in plan fiduciary net position	3,799,788	5,986,543	(823,168)	923,508	6,033,939
Plan fiduciary net position - beginning	<u>52,916,280</u>	<u>46,929,737</u>	<u>47,752,905</u>	<u>46,829,397</u>	<u>40,795,458</u>
Plan fiduciary net position - ending	<u>\$ 56,716,068</u>	<u>\$ 52,916,280</u>	<u>\$ 46,929,737</u>	<u>\$ 47,752,905</u>	<u>\$ 46,829,397</u>
Town's net pension liability (asset) - ending	<u>\$ 41,356,178</u>	<u>\$ 39,832,196</u>	<u>\$ 42,431,731</u>	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>

See accompanying notes to required supplementary information

See independent auditor's report

Continued

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town Pension Plan

Schedule of Changes in Town's Net Pension Liability and Related Ratios

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 98,072,246	\$ 92,748,476	\$ 89,361,468	\$ 84,662,311	\$ 78,330,009
Plan fiduciary net position	<u>56,716,068</u>	<u>52,916,280</u>	<u>46,929,737</u>	<u>47,752,905</u>	<u>46,829,397</u>
Town's net pension liability (asset)	<u>\$ 41,356,178</u>	<u>\$ 39,832,196</u>	<u>\$ 42,431,731</u>	<u>\$ 36,909,406</u>	<u>\$ 31,500,612</u>
Plan fiduciary net position as a percentage of the total pension liability	57.83%	57.05%	52.52%	56.40%	59.78%
Covered-employee payroll	7,820,129	8,356,102	8,073,529	7,969,261	7,837,400
Net pension liability (asset) as a percentage of covered-employee payroll	528.84%	476.68%	525.57%	463.15%	401.93%

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town Pension Plan

Schedule of Town Contributions

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 4,322,591	\$ 3,955,207	\$ 3,623,290	\$ 3,948,654	\$ 3,677,200
Contributions in relation to the actuarially determined contribution	<u>4,322,591</u>	<u>3,955,207</u>	<u>3,623,290</u>	<u>4,054,721</u>	<u>2,792,576</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,067)</u>	<u>\$ 884,624</u>
Covered-employee payroll	7,820,129	8,356,102	8,073,529	7,969,261	7,837,400
Contributions as a percentage of covered-employee payroll	55.28%	47.33%	44.88%	50.88%	35.63%

See accompanying notes to required supplementary information

See independent auditor's report

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town Pension Plan

Schedule of Investment Returns

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expense	7.37%	12.03%	-0.83%	0.59%	15.52%

Notes to the Schedules:

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2018.

Methods and assumptions used to determine contribution rates:

Discount rate 6.75%

Long term rate of return on investments 6.75%

Salary increases 3.50%

Inflation 2.75%

Pre-retirement: RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou to a base year of 2006 and projected generationally using scale SSA-2014 2d from 2006

Mortality rates:

Healthy RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou to a base year of 2006 and projected generationally using scale SSA-2014 2d from 2006

Disabled RP-2014 Healthy Annuitant Mortality Table with MP-2014 improvement projections backed ou to a base year of 2006 and projected generationally using scale SSA-2014 2d from 2006 and set forward 5 years.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town OPEB Plan

Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability		
Service cost	\$ 887,744	\$ 826,446
Interest on net OPEB liability and service cost	825,756	564,081
Change of benefit terms	(8,005)	-
Differences between actual and expected experience	(2,179,438)	2,651,611
Changes of assumptions	(607,184)	(335,511)
Benefit payments, including refunds	<u>(1,019,210)</u>	<u>(890,092)</u>
Net change in total OPEB liability	(2,100,337)	2,816,535
Total OPEB liability - beginning	<u>21,874,794</u>	<u>19,058,259</u>
Total OPEB liability - ending	<u>\$ 19,774,457</u>	<u>\$ 21,874,794</u>
OPEB fiduciary net position		
Benefit payments, including refunds	\$ (1,019,210)	\$ (890,092)
Trust administrative expenses	(10,486)	(458)
Contributions - employer	1,069,210	1,169,270
Contribution - active employees	53,958	55,310
Net investment income	<u>101,350</u>	<u>90,454</u>
Net change in plan fiduciary net position	194,822	424,484
Plan fiduciary net position - beginning	<u>1,115,701</u>	<u>691,217</u>
Plan fiduciary net position - ending	<u>\$ 1,310,523</u>	<u>\$ 1,115,701</u>
Plan's net pension liability - ending	<u>\$ 18,463,934</u>	<u>\$ 20,759,093</u>

* Second year of implementation of GASB 74/75, therefore only two years of the ten required data is available.

*See accompanying notes to required supplementary information
See independent auditor's report*

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Town of Portsmouth, Rhode Island

Required Supplementary Information

Town OPEB Plan

Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2018

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2018	1,310,523	19,774,457	18,463,934	6.63%	7,441,122	248.13%
6/30/2017	1,115,701	21,874,794	20,759,093	5.10%	7,189,490	288.74%

* Second year of implementation of GASB 74/75, only two years of the ten required data is available.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town OPEB Plan

Schedule of Contributions

For the Year Ended June 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011	June 30, 2010
Actuarial determined contribution	\$ 1,629,782	\$ 1,739,943	\$ 1,351,405	\$ 1,313,035	\$ 1,254,874	\$ 1,297,531	\$ 1,248,914	\$ 1,345,177	\$ 1,569,039
Contributions in relation to the actuarially determined contribution	1,069,210	1,169,270	861,032	726,394	768,926	800,908	953,389	792,174	645,276
Contribution deficiency (excess)	\$ 560,572	\$ 570,673	\$ 490,373	\$ 586,641	\$ 485,948	\$ 496,623	\$ 295,525	\$ 553,003	\$ 923,763
 Covered-employee payroll	 \$ 7,441,122	 \$ 7,189,490	 \$ 6,476,502	 \$ 6,287,866	 \$ 5,569,426	 \$ 5,407,210	 \$ 6,574,560	 \$ 6,383,155	 \$ 5,510,188
 Contributions as a percentage of covered-employee payroll	 14.37%	 16.26%	 13.29%	 11.55%	 13.81%	 14.81%	 14.50%	 12.41%	 11.71%

** Actuarial determined contributions are based on the Annual Required Contributions calculated in

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

Town OPEB Plan

Schedule of Investment Returns

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual money-weighted rate of return, net of investment expense	8.80%	5.50%

* First year of implementation of GASB 74/75, therefore only one year of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of June 30, 2018.
Actuarial Cost Method:	Entry Age Normal Level % of salary method where: <ul style="list-style-type: none">•service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and•annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to Payroll Growth.
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2018.
Actuarial Assumptions:	
Investment Rate of Return:	5.50%, net of OPEB plan investment expense
Medical inflation	For medical/rx benefits, the trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%
Inflation:	3.50% as of June 30, 2018 and for future periods
Salary Increases:	3.50% annually as of June 30, 2018 and for future periods
Pre-Retirement Mortality:	RPH-2015 total database set mortality table fully generational using Scale MP-2015 to RPH-2016.
Assumed rate of retirement:	40% for 20 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service
Marriage assumptions	80% of males and 80% of females assumed to be married with wives to be three years younger than their husbands
Changes in Assumptions:	Effective June 30, 2018 <ul style="list-style-type: none">• Discount rate is 4.03% previously 3.71%

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

School OPEB Plan

Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability		
Service cost	\$ 86,311	\$ 98,924
Interest on net OPEB liability and service cost	137,405	111,824
Change of benefit terms	22,101	-
Differences between actual and expected experience	(350,776)	222,319
Changes of assumptions	(85,586)	(139,055)
Benefit payments, including refunds	<u>(333,087)</u>	<u>(367,665)</u>
 Net change in total OPEB liability	 (523,632)	 (73,653)
 Total OPEB liability - beginning	 <u>3,938,455</u>	 <u>4,012,108</u>
Total OPEB liability - ending	<u>\$ 3,414,823</u>	<u>\$ 3,938,455</u>
 OPEB fiduciary net position		
Benefit payments, including refunds	\$ (333,087)	\$ (367,665)
Contributions - employer	333,087	367,665
Net investment income	<u>-</u>	<u>-</u>
 Net change in plan fiduciary net position	 -	 -
 Plan fiduciary net position - beginning	 <u>-</u>	 <u>-</u>
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>
 Plan's net pension liability - ending	 <u>\$ 3,414,823</u>	 <u>\$ 3,938,455</u>

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

School OPEB Plan

Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2018

Actuarial Valuation Date	Fiduciary Net Position	Total OPEB Liability (TOL)	Net OPEB Liability (NOL)	Funded Ratio	Covered Payroll	NOL as a % of Covered Payroll
6/30/2018	-	3,414,823	3,414,823	0.00%	19,626,791	17.40%
6/30/2017	-	3,938,455	3,938,455	0.00%	18,963,083	20.77%

* Second year of implementation of GASB 74, only two years of the ten required data is available.

*See accompanying notes to required supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Required Supplementary Information

School OPEB Plan

Schedule of Contributions

For the Year Ended June 30, 2018

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Actuarial determined contribution	\$ 333,087	\$ 367,665
Contributions in relation to the actuarially determined contribution	<u>333,087</u>	<u>367,665</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 19,626,791	\$ 18,963,083
Contributions as a percentage of covered-employee payroll	1.70%	1.94%

* Second year of implementation of GASB 74, therefore only two years of the ten required data is available.

Notes to Required Supplementary Information:

Valuation Date: Actuarially Determined Contribution was calculated as of June 30, 2018.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method

Actuarial Assumptions:

Investment Rate of Return: 3.87%, net of OPEB plan investment expense

Medical inflation 9.00% trending to an ultimate rate of 5.00%

Inflation: 2.75% per year

Salary Increases: 3.50% annually as of June 30, 2018 and for future periods

Pre-Retirement Mortality: RP-2014 adjusted to 2006 total database set mortality table projected to valuation date with Scale MP-2015

Assumed rate of retirement: 25% for 10 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service

Marriage assumptions 85% of males and 85% of females assumed to be married with wives to be three years younger than their husbands

See accompanying notes to required supplementary information

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Supplementary Information Section

Town of Portsmouth, Rhode Island

Supplementary Information
Budgetary Comparison Schedule – School Department Unrestricted Fund

For the Year Ended June 30, 2018

	Original Budget				Variance
	Original Budget	Final Budget	Total Available	Actual	Favorable (Unfavorable)
Revenues					
State aid for education	\$ 3,891,355	\$ 3,891,355	\$ 3,891,355	\$ 3,884,865	\$ (6,490)
State aid: group home aid	590,830	590,830	590,830	590,830	-
Impact aid	190,000	190,000	190,000	256,634	66,634
Tuition - Little Compton / individuals	1,127,581	1,127,581	1,127,581	1,247,742	120,161
Medicaid	240,000	240,000	240,000	272,008	32,008
Miscellaneous	5,000	5,000	5,000	16,656	11,656
Total revenues	6,044,766	6,044,766	6,044,766	6,268,735	223,969
Expenditures					
Salaries	22,655,634	22,493,630	22,493,630	22,428,942	64,688
Employee benefits	8,466,217	8,381,217	8,381,217	8,223,345	157,872
Purchased services	5,205,773	5,298,850	5,298,850	5,172,101	126,749
Supplies and materials	1,029,623	1,063,740	1,063,740	1,081,380	(17,640)
Other	108,787	84,883	84,883	77,071	7,812
Capital outlay	627,500	771,214	771,214	781,359	(10,145)
Total expenditures	38,093,534	38,093,534	38,093,534	37,764,198	329,336
Excess of expenditures over revenues, budgetary basis	(32,048,768)	(32,048,768)	(32,048,768)	(31,495,463)	553,305
Other financing sources (uses)					
Appropriation from Town's general fund	32,048,768	32,048,768	32,048,768	32,048,768	-
Total other financing sources (uses)	32,048,768	32,048,768	32,048,768	32,048,768	-
Excess of revenues and other financing sources over expenditures and other financing uses, budgetary basis	\$ -	\$ -	\$ -	553,305	\$ 553,305
Adjustment of budgetary basis to U.S. GAAP basis				(787,481)	
Excess of revenues and other financing sources over expenditures and other financing uses, U.S. GAAP basis				(234,176)	
Fund balance, beginning of year				1,692,489	
Fund balance, end of year				\$ 1,458,313	

*See accompanying notes to supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island
Supplementary Information
Notes to Supplementary Information
June 30, 2018

Adoption:

In accordance with Town's Home Rule Charter, the Town Administrator must present to the Town Council a recommended annual budget for the operations of all municipal departments no later than 90 days prior to the commencement of each fiscal year. The recommended budget must include the School Department's annual budget as approved by the School Committee. A final budget must be adopted by the Town Council by June 30.

Budget is adopted for the General Fund on a legally enacted budgetary basis which differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in several regards. Budget is adopted on the modified accrual basis of accounting, except that budgetary expenditures include encumbrances in the year incurring the commitment to purchase, and budgetary revenues include subsidies from fund balance previously recognized under U.S. GAAP.

Encumbrances are not liabilities and, therefore, are not recognized as expenditures under U.S. GAAP until receipt of materials or services. For budgetary purposes, unencumbered and unexpended appropriations lapse at year end and outstanding encumbrances are included in the budgetary expenditures in the year committed. The Town reserves a portion of fund balance in the governmental fund financial statements equal to outstanding encumbrances at year end. At June 30, 2018, the School did not have open encumbrances.

Budgetary to GAAP Basis Reconciliation:

	School Unrestricted
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 553,305
Unbudgeted transfer out	(787,481)
State contribution to teachers' pension plan revenue on behalf	(1,762,755)
State contribution to teacher's pension plan expense on behalf	1,762,755
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP)	\$ (234,176)

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining General Fund and School Unrestricted Statement of Revenue, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Assets				
Cash and cash equivalent	\$ 5,779,084	\$ 2,598,592	\$ -	\$ 8,377,676
Investments	8,895,021	-	-	8,895,021
Real estate and personal property tax receivable, net	1,504,425	-	-	1,504,425
Due from other governments	218,991	-	-	218,991
Due from other funds	-	4,656,209	(409,509)	4,246,700
Ambulance receivable	538,417	-	-	538,417
Other receivables, net	354,882	330,064	-	684,946
Inventory	70,441	-	-	70,441
Prepaid expenditures	218,663	529,318	-	747,981
Total assets	<u>17,579,924</u>	<u>8,114,183</u>	<u>(409,509)</u>	<u>25,284,598</u>
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 17,579,924</u>	<u>\$ 8,114,183</u>	<u>\$ (409,509)</u>	<u>\$ 25,284,598</u>
Liabilities				
Accounts payable	\$ 1,886,014	\$ -	\$ -	\$ 1,886,014
Accrued expenses	197,587	542,218	-	739,805
Due to other funds	5,843,077	6,038,006	(409,509)	11,471,574
Unearned revenue	391,162	75,646	-	466,808
Other liabilities	15,360	-	-	15,360
Total liabilities	<u>8,333,200</u>	<u>6,655,870</u>	<u>(409,509)</u>	<u>14,579,561</u>
Deferred inflows of resources				
Unavailable property tax revenue	961,827	-	-	961,827
Unavailable ambulance revenue	538,417	-	-	538,417
Total deferred inflows of resources	<u>1,500,244</u>	<u>-</u>	<u>-</u>	<u>1,500,244</u>
Fund balance				
Nonspendable	289,104	529,318	-	818,422
Committed	-	928,995	-	928,995
Assigned	139,754	-	-	139,754
Unassigned	7,317,622	-	-	7,317,622
Total fund balance	<u>7,746,480</u>	<u>1,458,313</u>	<u>-</u>	<u>9,204,793</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,579,924</u>	<u>\$ 8,114,183</u>	<u>\$ (409,509)</u>	<u>\$ 25,284,598</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining General Fund and School Unrestricted Statement of Revenue, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2018

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues				
General property taxes and interest	\$ 52,587,567	\$ -	\$ -	\$ 52,587,567
State aid and grants	1,633,930	5,004,337	-	6,638,267
Licenses, permits, and fees	2,721,235	-	-	2,721,235
Charges for services	220,883	1,247,742	-	1,468,625
Interest and investment income	101,093	-	-	101,093
Other revenues	46,000	16,656	-	62,656
Intergovernmental pension contribution	-	1,762,755	-	1,762,755
Total Revenue	<u>57,310,708</u>	<u>8,031,490</u>	<u>-</u>	<u>65,342,198</u>
Expenditures				
General government	4,816,259	-	-	4,816,259
Public safety	12,157,934	-	-	12,157,934
Public works	3,291,791	-	-	3,291,791
Public and social services	807,708	-	-	807,708
Parks and recreation	218,353	-	-	218,353
Education	-	39,526,953	-	39,526,953
Debt service:				
Principal on long term debt	1,658,067	-	-	1,658,067
Interest on long term debt	816,273	-	-	816,273
Total Expenditures	<u>23,766,385</u>	<u>39,526,953</u>	<u>-</u>	<u>63,293,338</u>
Excess (deficiency) of revenues over expenditures	33,544,323	(31,495,463)	-	2,048,860
Other financing sources (uses)				
Transfers in	355,171	32,048,768	(32,048,768)	355,171
Transfers out	(33,372,120)	(787,481)	32,048,768	(2,110,833)
Total other financing sources (uses)	<u>(33,016,949)</u>	<u>31,261,287</u>	<u>-</u>	<u>(1,755,662)</u>
Excess of revenue and other sources over expenditures and other uses	527,374	(234,176)	-	293,198
Fund balance, July 1, 2017	7,219,106	1,692,489	-	8,911,595
Fund balance, June 30, 2018	<u>\$ 7,746,480</u>	<u>\$ 1,458,313</u>	<u>\$ -</u>	<u>\$ 9,204,793</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet
June 30, 2018

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Town Capital Projects</u>	<u>School Capital Projects</u>	<u>Permanent Trust Funds</u>	<u>Total Non-Major Funds</u>
Assets						
Cash and cash equivalent	\$ 484,170	\$ -	\$ 137,845	\$ -	\$ 158,295	\$ 780,310
Due from other governments	69,762	410,205	-	-	-	479,967
Due from other funds	278,205	632,610	243,534	1,764,688	5,338	2,924,375
Other receivables, net	<u>3,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,484</u>
Total assets	<u>835,621</u>	<u>1,042,815</u>	<u>381,379</u>	<u>1,764,688</u>	<u>163,633</u>	<u>4,188,136</u>
Deferred outflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 835,621</u>	<u>\$ 1,042,815</u>	<u>\$ 381,379</u>	<u>\$ 1,764,688</u>	<u>\$ 163,633</u>	<u>\$ 4,188,136</u>
Liabilities						
Accounts payable	\$ -	\$ 50,863	\$ -	\$ 100,798	\$ -	\$ 151,661
Accrued expenses	-	887	-	-	-	887
Due to other funds	368,345	707,309	1,306,203	-	-	2,381,857
Unearned revenue	<u>1,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864</u>
Total liabilities	<u>370,209</u>	<u>759,059</u>	<u>1,306,203</u>	<u>100,798</u>	<u>-</u>	<u>2,536,269</u>
Deferred inflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Nonspendable	-	-	-	-	163,633	163,633
Restricted	489,325	283,973	63	1,663,890	-	2,437,251
Committed	-	-	381,315	-	-	381,315
Unassigned	<u>(23,913)</u>	<u>(217)</u>	<u>(1,306,202)</u>	<u>-</u>	<u>-</u>	<u>(1,330,332)</u>
Total fund balance	<u>465,412</u>	<u>283,756</u>	<u>(924,824)</u>	<u>1,663,890</u>	<u>163,633</u>	<u>1,651,867</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 835,621</u>	<u>\$ 1,042,815</u>	<u>\$ 381,379</u>	<u>\$ 1,764,688</u>	<u>\$ 163,633</u>	<u>\$ 4,188,136</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2018

	<u>Town Special Revenue</u>	<u>School Special Revenue</u>	<u>Town Capital Projects</u>	<u>School Capital Projects</u>	<u>Permanent Trust Funds</u>	<u>Total Non Major Funds</u>
Revenues						
Federal and state grants	\$ 133,446	\$ 1,175,330	\$ -	\$ -	\$ -	\$ 1,308,776
Charges for services	167,025	89,857	850,500	-	-	1,107,382
Interest and investment income	796	-	14	-	2,081	2,891
Other revenues	<u>51,741</u>	<u>14,661</u>	<u>-</u>	<u>11,021</u>	<u>-</u>	<u>77,423</u>
Total revenue	<u>353,008</u>	<u>1,279,848</u>	<u>850,514</u>	<u>11,021</u>	<u>2,081</u>	<u>2,496,472</u>
Expenditures						
General government	-	-	216,877	-	-	216,877
Public safety	228,062	-	-	-	-	228,062
Public works	198,000	-	-	-	-	198,000
Public and social services	179	-	-	-	-	179
Parks and recreation	14,691	-	-	-	-	14,691
Education	-	1,136,482	-	22,343	-	1,158,825
Capital	<u>-</u>	<u>60,015</u>	<u>1,628,551</u>	<u>416,648</u>	<u>-</u>	<u>2,105,214</u>
Total Expenditures	<u>440,932</u>	<u>1,196,497</u>	<u>1,845,428</u>	<u>438,991</u>	<u>-</u>	<u>3,921,848</u>
Excess (deficiency) of revenues over expenditures	(87,924)	83,351	(994,914)	(427,970)	2,081	(1,425,376)
Other financing sources (uses)						
Proceeds from capital leases	-	-	268,344	-	-	268,344
Transfers in	-	-	373,198	1,313,653	-	1,686,851
Transfers out	<u>(390,000)</u>	<u>(207,566)</u>	<u>(290,171)</u>	<u>-</u>	<u>-</u>	<u>(887,737)</u>
Total other financing sources (uses)	<u>(390,000)</u>	<u>(207,566)</u>	<u>351,371</u>	<u>1,313,653</u>	<u>-</u>	<u>1,067,458</u>
Excess of revenue and other sources over expenditures and other uses	(477,924)	(124,215)	(643,543)	885,683	2,081	(357,918)
Fund balance, July 1, 2017	<u>943,336</u>	<u>407,971</u>	<u>(281,281)</u>	<u>778,207</u>	<u>161,552</u>	<u>2,009,785</u>
Fund balance, June 30, 2018	<u>\$ 465,412</u>	<u>\$ 283,756</u>	<u>\$ (924,824)</u>	<u>\$ 1,663,890</u>	<u>\$ 163,633</u>	<u>\$ 1,651,867</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Special Revenue
June 30, 2018

	CDBG	CDBG Disaster Recovery	Bulletproof Vest	Evidence Fund	City Clerks Restoration	EDC Workshop	EMW SHSP Heavy Rescue	EMPG 27-229	EMW 2012 FO 03583	Commemorative Bench
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	5,775	6,919	-	-	-	-	-	-	26,212	-
Due from other funds	1,339	-	-	2,633	74	517	-	-	-	1,361
Other receivables, net	-	-	-	-	-	-	424	-	-	-
Total assets	7,114	6,919	-	2,633	74	517	424	-	26,212	1,361
Deferred outflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 7,114	\$ 6,919	\$ -	\$ 2,633	\$ 74	\$ 517	\$ 424	\$ -	\$ 26,212	\$ 1,361
Liabilities										
Due to other funds	\$ -	\$ -	\$ 8,450	\$ -	\$ -	\$ -	\$ 248	\$ -	\$ 26,212	\$ -
Unearned revenue	1,864	-	-	-	-	-	-	-	-	-
Total liabilities	1,864	-	8,450	-	-	-	248	-	26,212	-
Deferred inflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund balance										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	5,250	6,919	-	2,633	74	517	176	-	-	1,361
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(8,450)	-	-	-	-	-	-	-
Total fund balance	5,250	6,919	(8,450)	2,633	74	517	176	-	-	1,361
Total liabilities, deferred inflows of resources and fund balance	\$ 7,114	\$ 6,919	\$ -	\$ 2,633	\$ 74	\$ 517	\$ 424	\$ -	\$ 26,212	\$ 1,361

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Special Revenue
June 30, 2018

	School Impact Fees	Click it or Ticket	New Police Station	RIEMA - PDM	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire Ambulance Reserve	AIPC West Side Project	Explorer Program	Fire Alarm Maintenance
Assets											
Cash and cash equivalents	\$ 463,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	15,000	-	-	-	-	-	-	-
Due from other funds	-	-	2,000	-	289	-	-	2,407	20,000	1,266	11,265
Other receivables, net	-	-	-	-	-	-	30	-	-	-	-
Total assets	463,502	-	2,000	15,000	289	-	30	2,407	20,000	1,266	11,265
Deferred outflows of resources											
None	-	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 463,502	\$ -	\$ 2,000	\$ 15,000	\$ 289	\$ -	\$ 30	\$ 2,407	\$ 20,000	\$ 1,266	\$ 11,265
Liabilities											
Due to other funds	\$ 264,895	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	264,895	-	-	15,000	-	-	30	-	-	-	-
Deferred inflows of resources											
None	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-
Fund balance											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	198,607	-	2,000	-	289	-	-	2,407	20,000	1,266	11,265
Committed	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	198,607	-	2,000	-	289	-	-	2,407	20,000	1,266	11,265
Total liabilities, deferred inflows of resources and fund balance	\$ 463,502	\$ -	\$ 2,000	\$ 15,000	\$ 289	\$ -	\$ 30	\$ 2,407	\$ 20,000	\$ 1,266	\$ 11,265

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Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Special Revenue
June 30, 2018

	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial	Veterans Wall	Fed Equitable Sharing	Melville Recreation	NARC Forfeiture	IICAC	FDA Tobacco Survey
Assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,671	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-	-	-
Due from other funds	32,068	31,024	3,715	-	2,425	942	22,738	-	506
Other receivables, net	-	-	-	-	-	-	-	-	-
Total assets	32,068	31,024	3,715	1,671	2,425	942	22,738	-	506
Deferred outflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 32,068	\$ 31,024	\$ 3,715	\$ 1,671	\$ 2,425	\$ 942	\$ 22,738	\$ -	\$ 506
Liabilities									
Due to other funds	\$ -	\$ -	\$ -	\$ 179	\$ -	\$ -	\$ -	\$ 2,035	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	179	-	-	-	2,035	-
Deferred inflows of resources									
None	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Fund balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	32,068	31,024	3,715	1,492	2,425	942	22,738	-	506
Committed	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(2,035)	-
Total fund balance	32,068	31,024	3,715	1,492	2,425	942	22,738	(2,035)	506
Total liabilities, deferred inflows of resources and fund balance	\$ 32,068	\$ 31,024	\$ 3,715	\$ 1,671	\$ 2,425	\$ 942	\$ 22,738	\$ -	\$ 506

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Combining Non-Major Governmental Funds Balance Sheet –
Town Special Revenue
June 30, 2018

	Retiree Medical	Blue RIPTIDE Speed Management	Dog Fund	COPS SRO	Tank Farm	Tech Upgrades and Doc P	Synar Tobacco Survey	Glen Farm Stables Donation	Fire Smoke Detector	Byrne Grant
Assets										
Cash and cash equivalents	\$ -	\$ -	\$ 18,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	1,079	-	-	14,397	-	-	-	-	-	-
Due from other funds	-	-	-	-	26,077	58,311	-	443	27,020	-
Other receivables, net	-	-	-	-	-	-	30	-	-	-
Total assets	1,079	-	18,997	14,397	26,077	58,311	30	443	27,020	-
Deferred outflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 1,079	\$ -	\$ 18,997	\$ 14,397	\$ 26,077	\$ 58,311	\$ 30	\$ 443	\$ 27,020	\$ -
Liabilities										
Due to other funds	\$ 1,079	\$ -	\$ 30,404	\$ 14,397	\$ -	\$ -	\$ 2,051	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	1,079	-	30,404	14,397	-	-	2,051	-	-	-
Deferred inflows of resources										
None	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund balance										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	26,077	58,311	-	443	27,020	-
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(11,407)	-	-	-	(2,021)	-	-	-
Total fund balance	-	-	(11,407)	-	26,077	58,311	(2,021)	443	27,020	-
Total liabilities, deferred inflows of resources and fund balance	\$ 1,079	\$ -	\$ 18,997	\$ 14,397	\$ 26,077	\$ 58,311	\$ 30	\$ 443	\$ 27,020	\$ -

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Special Revenue
June 30, 2018

	EMA Meds Plan Update	Meds Pods	Low income Spay / Neut	Shelter Spay / Neuter	NHTSA - Child Passenger	Conserv Comm Common	Trust Safety Grant	Portsmouth Tree Com	Friends of Glen Park	Conservation Comm Gr	Total Town Special Revenue
Assets											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 484,170
Due from other governments	-	-	-	-	380	-	-	-	-	-	69,762
Due from other funds	3,553	9,642	6,012	9,750	-	50	-	-	278	500	278,205
Other receivables, net	-	-	-	-	-	-	-	3,000	-	-	3,484
Total assets	3,553	9,642	6,012	9,750	380	50	-	3,000	278	500	835,621
Deferred outflows of resources											
None	-	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 3,553	\$ 9,642	\$ 6,012	\$ 9,750	\$ 380	\$ 50	\$ -	\$ 3,000	\$ 278	\$ 500	\$ 835,621
Liabilities											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 380	\$ -	\$ -	\$ 2,985	\$ -	\$ -	\$ 368,345
Unearned revenue	-	-	-	-	-	-	-	-	-	-	1,864
Total liabilities	-	-	-	-	380	-	-	2,985	-	-	370,209
Deferred inflows of resources											
None	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-
Fund balance											
Nonspendable	-	-	-	-	-	-	-	-	-	-	-
Restricted	3,553	9,642	6,012	9,750	-	50	-	15	278	500	489,325
Committed	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	(23,913)
Total fund balance	3,553	9,642	6,012	9,750	-	50	-	15	278	500	465,412
Total liabilities, deferred inflows of resources and fund balance	\$ 3,553	\$ 9,642	\$ 6,012	\$ 9,750	\$ 380	\$ 50	\$ -	\$ 3,000	\$ 278	\$ 500	\$ 835,621

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2018

	CDBG	CDBG Disaster Recovery	Bulletproof Vest	Evidence Fund	City Clerks Restoration	EDC Workshop	EMW SHSP Heavy Rescue	EMPG 27-229	EMW 2012 FO 03583	Commemorative Bench
Revenues:										
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 34,015	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	895
Total revenue	-	-	-	-	-	-	-	2,500	34,015	895
Expenditures :										
Public safety	-	-	8,450	-	-	270	-	2,500	34,015	-
Public works	(55,521)	55,521	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	4,173
Total expenditures	(55,521)	55,521	8,450	-	-	270	-	2,500	34,015	4,173
Excess (deficiency) of revenues over expenditures	55,521	(55,521)	(8,450)	-	-	(270)	-	-	-	(3,278)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	55,521	(55,521)	(8,450)	-	-	(270)	-	-	-	(3,278)
Fund balance - beginning	(50,271)	62,440	-	2,633	74	787	176	-	-	4,639
Fund balance - ending	\$ 5,250	\$ 6,919	\$ (8,450)	\$ 2,633	\$ 74	\$ 517	\$ 176	\$ -	\$ -	\$ 1,361

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2018

	School Impact Fees	Click it or Ticket	New Police Station	RIEMA - PDM	Town Commons Grant	RIDEM Recreation Grant	Alcohol Survey	Fire Ambulance Reserve	AIPC West Side Project	Explorer Program	Fire Alarm Maintenance
Revenues:											
Federal and state grants	\$ -	\$ 1,504	\$ -	\$ 15,000	\$ -	\$ -	\$ 146	\$ -	\$ -	\$ -	\$ -
Charges for services	105,269	-	-	-	-	-	-	952	-	500	19,270
Interest and investment income	796	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	2,000	-	-	-	-	-	-	-	-
Total revenue	106,065	1,504	2,000	15,000	-	-	146	952	-	500	19,270
Expenditures :											
Public safety	-	1,504	-	15,000	-	-	146	-	-	-	37,894
Public works	198,000	-	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	198,000	1,504	-	15,000	-	-	146	-	-	-	37,894
Excess (deficiency) of revenues over expenditures	(91,935)	-	2,000	-	-	-	-	952	-	500	(18,624)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(325,000)	-	-	-	-	-	-	-	-	-	(7,500)
Other financing sources (uses)	(325,000)	-	-	-	-	-	-	-	-	-	(7,500)
Excess of revenue and other sources over expenditures and other uses	(416,935)	-	2,000	-	-	-	-	952	-	500	(26,124)
Fund balance - beginning	615,542	-	-	-	289	-	-	1,455	20,000	766	37,389
Fund balance - ending	\$ 198,607	\$ -	\$ 2,000	\$ -	\$ 289	\$ -	\$ -	\$ 2,407	\$ 20,000	\$ 1,266	\$ 11,265

Independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2018

	Fire Plan Review	Historic Records Fund	Joan Haskins Memorial	Veterans Wall	Fed Equitable Sharing	Melville Recreation	NARC Forfeiture	IICAC	FDA Tobacco Survey
Revenues:									
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	29,284	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-
Other revenues	-	3,387	-	33	-	-	1,231	14,143	-
Total revenue	<u>29,284</u>	<u>3,387</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>1,231</u>	<u>14,143</u>	<u>-</u>
Expenditures :									
Public safety	33,826	-	-	-	-	-	1,691	16,178	-
Public works	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	179	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Total expenditures	<u>33,826</u>	<u>-</u>	<u>-</u>	<u>179</u>	<u>-</u>	<u>-</u>	<u>1,691</u>	<u>16,178</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(4,542)	3,387	-	(146)	-	-	(460)	(2,035)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(17,500)	-	-	-	-	-	-	-	-
Other financing sources (uses)	<u>(17,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(22,042)	3,387	-	(146)	-	-	(460)	(2,035)	-
Fund balance - beginning	<u>54,110</u>	<u>27,637</u>	<u>3,715</u>	<u>1,638</u>	<u>2,425</u>	<u>942</u>	<u>23,198</u>	<u>-</u>	<u>506</u>
Fund balance - ending	<u>\$ 32,068</u>	<u>\$ 31,024</u>	<u>\$ 3,715</u>	<u>\$ 1,492</u>	<u>\$ 2,425</u>	<u>\$ 942</u>	<u>\$ 22,738</u>	<u>\$ (2,035)</u>	<u>\$ 506</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2018

	Blue RIPTIDE Impaired	Blue RIPTIDE Speed Management	Dog Fund	COPS SRO	Tank Farm	Tech Upgrades and Doc P	Synar Tobacco Survey	Glen Farm Stables Donation	Fire Smoke Detector	Byrne Grant
Revenues:										
Federal and state grants	\$ 2,480	\$ 3,017	\$ -	\$ 65,091	\$ -	\$ -	\$ 493	\$ -	\$ -	\$ 8,820
Charges for services	-	-	-	-	-	-	-	-	11,750	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	335	-	5,674	-	-	20,693	-	-	-	-
Total revenue	2,815	3,017	5,674	65,091	-	20,693	493	-	11,750	8,820
Expenditures :										
Public safety	2,815	3,017	-	50,803	-	-	493	-	5,944	8,820
Public works	-	-	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	10,518	-	-	-	-	-	-	-
Total expenditures	2,815	3,017	10,518	50,803	-	-	493	-	5,944	8,820
Excess (deficiency) of revenues over expenditures	-	-	(4,844)	14,288	-	20,693	-	-	5,806	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(25,000)	-	-	(15,000)	-
Other financing sources (uses)	-	-	-	-	-	(25,000)	-	-	(15,000)	-
Excess of revenue and other sources over expenditures and other uses	-	-	(4,844)	14,288	-	(4,307)	-	-	(9,194)	-
Fund balance - beginning	-	-	(6,563)	(14,288)	26,077	62,618	(2,021)	443	36,214	-
Fund balance - ending	\$ -	\$ -	\$ (11,407)	\$ -	\$ 26,077	\$ 58,311	\$ (2,021)	\$ 443	\$ 27,020	\$ -

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Special Revenue
For the Year Ended June 30, 2018

	EMA Meds Plan Update	Meds Pods	Low income Spay / Neut	Shelter Spay / Neuter	NHTSA - Child Passenger	Conserv Comm Common	Trust Safety Grant	Portsmouth Tree Com	Friends of Glen Park	Conservation Comm Gr	Total Town Special Revenue
Revenues:											
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ 380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,446
Charges for services	-	-	-	-	-	-	-	-	-	-	167,025
Interest and investment income	-	-	-	-	-	-	-	-	-	-	796
Other revenues	-	3,350	-	-	-	-	-	-	-	-	51,741
Total revenue	-	3,350	-	-	380	-	-	-	-	-	353,008
Expenditures :											
Public safety	-	5,389	(404)	(669)	380	-	-	-	-	-	228,062
Public works	-	-	-	-	-	-	-	-	-	-	198,000
Public and social services	-	-	-	-	-	-	-	-	-	-	179
Parks and recreation	-	-	-	-	-	-	-	-	-	-	14,691
Total expenditures	-	5,389	(404)	(669)	380	-	-	-	-	-	440,932
Excess (deficiency) of revenues over expenditures	-	(2,039)	404	669	-	-	-	-	-	-	(87,924)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	(390,000)
Other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	(390,000)
Excess of revenue and other sources over expenditures and other uses	-	(2,039)	404	669	-	-	-	-	-	-	(477,924)
Fund balance - beginning	3,553	11,681	5,608	9,081	-	50	-	15	278	500	943,336
Fund balance - ending	\$ 3,553	\$ 9,642	\$ 6,012	\$ 9,750	\$ -	\$ 50	\$ -	\$ 15	\$ 278	\$ 500	\$ 465,412

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2018

	SPED Part B	IDEA Preschool	Title I Part A	Title II Part A	Title III	Perkins
Assets						
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	254,792	7,307	75,093	56,625	-	-
Due from unrest fund	-	-	-	-	-	-
Due from other funds	302,250	20,084	3,352	6,003	670	-
Other receivables, net	-	-	-	-	-	-
Total assets	<u>557,042</u>	<u>27,391</u>	<u>78,445</u>	<u>62,628</u>	<u>670</u>	<u>-</u>
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 557,042</u>	<u>\$ 27,391</u>	<u>\$ 78,445</u>	<u>\$ 62,628</u>	<u>\$ 670</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ 47,774	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	603	-	284	-	-	-
Due to other funds	508,322	27,391	78,161	62,679	-	166
Total liabilities	<u>556,699</u>	<u>27,391</u>	<u>78,445</u>	<u>62,679</u>	<u>-</u>	<u>166</u>
Deferred inflows of resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balance						
Nonspendable	-	-	-	-	-	-
Restricted	343	-	-	-	670	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	(51)	-	(166)
Total fund balance	<u>343</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>670</u>	<u>(166)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 557,042</u>	<u>\$ 27,391</u>	<u>\$ 78,445</u>	<u>\$ 62,628</u>	<u>\$ 670</u>	<u>\$ -</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2018

	Early Childhood State	Literacy Set Aside State	Student Equity State	Revenue Technology State	VIS	RISCA - Big Yellow Bus
Assets						
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Due from unrest fund	-	-	-	-	-	-
Due from other funds	-	49,539	-	-	3,880	400
Other receivables, net	-	-	-	-	-	-
Total assets	-	49,539	-	-	3,880	400
Deferred outflows of resources						
None	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 49,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,880</u>	<u>\$ 400</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Deferred inflows of resources						
None	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	49,539	-	-	3,880	400
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	-	49,539	-	-	3,880	400
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 49,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,880</u>	<u>\$ 400</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2018

	Career & Tech Odd Year	Career & Tech Even Year	CTE Trust	ELL Categorical	Restr State Grant - Scienc mini grant	Restr State Grant - RI Learning Champtions	Champlin Foundations	Rhode Island Foundation
Assets								
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	14,722	-	-	-	-	-	-
Due from unrest fund	-	156	-	-	-	-	-	-
Due from other funds	4	-	-	-	1	-	-	11,704
Other receivables, net	-	-	-	-	-	-	-	-
Total assets	4	14,878	-	-	1	-	-	11,704
Deferred outflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 4	\$ 14,878	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 11,704
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Deferred inflows of resources								
None	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Fund balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	4	14,878	-	-	1	-	-	11,704
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balance	4	14,878	-	-	1	-	-	11,704
Total liabilities, deferred inflows of resources and fund balance	\$ 4	\$ 14,878	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 11,704

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Special Revenue
June 30, 2018

	Van Beuren Grant	Prevention Coalition Task Force	Concord Consortium	Boston Museum of Science	Building Use	Gate Receipts	Total School Special Revenue Funds
Assets							
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	1,666	-	-	-	-	410,205
Due from unrest fund	-	-	-	-	-	-	156
Due from other funds	18	50,972	886	1,903	113,867	66,921	632,454
Other receivables, net	-	-	-	-	-	-	-
Total assets	18	52,638	886	1,903	113,867	66,921	1,042,815
Deferred outflows of resources							
None	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ 18	\$ 52,638	\$ 886	\$ 1,903	\$ 113,867	\$ 66,921	\$ 1,042,815
Liabilities							
Accounts payable	\$ (1)	\$ -	\$ -	\$ -	\$ 3,090	\$ -	\$ 50,863
Accrued expenses	-	-	-	-	-	-	887
Due to other funds	-	27,964	-	-	-	2,626	707,309
Total liabilities	(1)	27,964	-	-	3,090	2,626	759,059
Deferred inflows of resources							
None	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balance							
Nonspendable	-	-	-	-	-	-	-
Restricted	19	24,674	886	1,903	110,777	64,295	283,973
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(217)
Total fund balance	19	24,674	886	1,903	110,777	64,295	283,756
Total liabilities, deferred inflows of resources and fund balance	\$ 18	\$ 52,638	\$ 886	\$ 1,903	\$ 113,867	\$ 66,921	\$ 1,042,815

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2018

	SPED Part B	IDEA Preschool	Title I Part A	Title II Part A	Title III	Perkins
Revenues:						
Federal and state grants	\$ 659,429	\$ 20,305	\$ 239,502	\$ 110,494	\$ -	\$ 16,316
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenue	<u>659,429</u>	<u>20,305</u>	<u>239,502</u>	<u>110,494</u>	<u>-</u>	<u>16,316</u>
Expenditures :						
Education	654,412	20,305	239,502	110,494	-	16,316
Capital	<u>5,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>659,429</u>	<u>20,305</u>	<u>239,502</u>	<u>110,494</u>	<u>-</u>	<u>16,316</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance, July 1, 2017	<u>343</u>	<u>-</u>	<u>-</u>	<u>(51)</u>	<u>670</u>	<u>(166)</u>
Fund balance, June 30, 2018	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 670</u>	<u>\$ (166)</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2018

	Early Childhood State	Literacy Set Aside State	Student Equity State	Revenue Technology State	VIS	RISCA - Big Yellow Bus
Revenues:						
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
Expenditures :						
Education	-	-	-	-	-	-
Capital	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(38,640)	-	(160,597)	(8,329)	-	-
Other financing sources (uses)	(38,640)	-	(160,597)	(8,329)	-	-
Excess of revenue and other sources over expenditures and other uses	(38,640)	-	(160,597)	(8,329)	-	-
Fund balance, July 1, 2017	38,640	49,539	160,597	8,329	3,880	400
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ 49,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,880</u>	<u>\$ 400</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2018

	Career & Tech Odd Year	Career & Tech Even Year	CTE Trust	ELL Categorical	Restr State Grant - Scienc mini grant	Restr State Grant - RI Learning Champtions	Champlin Foundations	Rhode Island Foundation
Revenues:								
Federal and state grants	\$ -	\$ 14,722	\$ 50,000	\$ 405	\$ -	\$ 351	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	14,661
Total revenue	-	14,722	50,000	405	-	351	-	14,661
Expenditures :								
Education	1,426	-	15,094	405	-	351	-	4,261
Capital	-	(156)	34,906	-	-	-	-	-
Total expenditures	1,426	(156)	50,000	405	-	351	-	4,261
Excess (deficiency) of revenues over expenditures	(1,426)	14,878	-	-	-	-	-	10,400
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	(1,426)	14,878	-	-	-	-	-	10,400
Fund balance, July 1, 2017	1,430	-	-	-	1	-	-	1,304
Fund balance, June 30, 2018	\$ 4	\$ 14,878	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 11,704

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
School Special Revenue
For the Year Ended June 30, 2018

	Van Beuren Grant	Prevention Coalition Task Force	Concord Consortium	Boston Museum of Science	Building Use	Gate Receipts	Total School Special Revenue Funds
Revenues:							
Federal and state grants	\$ -	\$ 63,806	\$ -	\$ -	\$ -	\$ -	\$ 1,175,330
Charges for services	-	-	-	-	59,047	30,810	89,857
Other revenues	-	-	-	-	-	-	14,661
Total revenue	-	63,806	-	-	59,047	30,810	1,279,848
Expenditures :							
Education	23,949	49,670	-	-	-	297	1,136,482
Capital	-	-	-	-	12,290	7,958	60,015
Total expenditures	23,949	49,670	-	-	12,290	8,255	1,196,497
Excess (deficiency) of revenues over expenditures	(23,949)	14,136	-	-	46,757	22,555	83,351
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(207,566)
Other financing sources (uses)	-	-	-	-	-	-	(207,566)
Excess of revenue and other sources over expenditures and other uses	(23,949)	14,136	-	-	46,757	22,555	(124,215)
Fund balance, July 1, 2017	23,968	10,538	886	1,903	64,020	41,740	407,971
Fund balance, June 30, 2018	\$ 19	\$ 24,674	\$ 886	\$ 1,903	\$ 110,777	\$ 64,295	\$ 283,756

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Capital Projects
June 30, 2018

	Dept Reserved	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
Assets						
Cash and cash equivalent	\$ -	\$ 137,781	\$ 3	\$ 57	\$ 3	\$ 1
Due from other funds	<u>96,512</u>	<u>147,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>96,512</u>	<u>284,803</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>1</u>
Deferred outflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 96,512</u>	<u>\$ 284,803</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 1</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,028</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,028</u>
Deferred inflows of resources						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance						
Restricted	-	-	3	57	3	-
Committed	96,512	284,803	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,027)</u>
Total fund balance	<u>96,512</u>	<u>284,803</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>(19,027)</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ 96,512</u>	<u>\$ 284,803</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 1</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Town Capital Projects
June 30, 2018

	<u>09-10 Warrants</u>	<u>10-11 Warrants</u>	<u>11-12 Warrants</u>	<u>12-13 Warrants</u>	<u>Total Town Capital Projects</u>
Assets					
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -	\$ 137,845
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,534</u>
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,379</u>
Deferred outflows of resources					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,379</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>5,743</u>	<u>-</u>	<u>-</u>	<u>1,281,432</u>	<u>1,306,203</u>
Total liabilities	<u>5,743</u>	<u>-</u>	<u>-</u>	<u>1,281,432</u>	<u>1,306,203</u>
Deferred inflows of resources					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance					
Restricted	-	-	-	-	63
Committed	-	-	-	-	381,315
Unassigned	<u>(5,743)</u>	<u>-</u>	<u>-</u>	<u>(1,281,432)</u>	<u>(1,306,202)</u>
Total fund balance	<u>(5,743)</u>	<u>-</u>	<u>-</u>	<u>(1,281,432)</u>	<u>(924,824)</u>
Town liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,379</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Capital Projects
For the Year Ended June 30, 2018

	Dept Reserved	Glen Manor	05-06 Warrants	06-07 Warrants	07-08 Warrants	08-09 Warrants
Revenues						
Charges for services	\$ -	\$ 615,754	\$ -	\$ -	\$ -	\$ -
Interest and investment income	-	14	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>615,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
General government	-	216,877	-	-	-	-
Education	-	-	-	-	-	-
Capital	398,146	66,164	-	-	-	-
Total Expenditures	<u>398,146</u>	<u>283,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(398,146)	332,727	-	-	-	-
Other financing sources (uses)						
Proceeds from capital leases	-	-	-	-	-	-
Transfers in	150,000	-	-	-	-	-
Transfers out	-	(290,171)	-	-	-	-
Total other financing sources (uses)	<u>150,000</u>	<u>(290,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over expenditures and other uses	(248,146)	42,556	-	-	-	-
Fund balance, July 1, 2017	<u>344,658</u>	<u>242,247</u>	<u>3</u>	<u>57</u>	<u>3</u>	<u>(19,027)</u>
Fund balance, June 30, 2018	<u>\$ 96,512</u>	<u>\$ 284,803</u>	<u>\$ 3</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ (19,027)</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance –
Town Capital Projects
For the Year Ended June 30, 2018

	09-10 Warrants	10-11 Warrants	11-12 Warrants	12-13 Warrants	Total Town Capital Projects
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ 234,746	\$ 850,500
Interest and investment income	-	-	-	-	14
Other revenues	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,746</u>	<u>850,514</u>
Expenditures					
General government	-	-	-	-	216,877
Education	-	-	-	-	-
Capital	-	113,755	191,335	859,151	1,628,551
Total Expenditures	<u>-</u>	<u>113,755</u>	<u>191,335</u>	<u>859,151</u>	<u>1,845,428</u>
Excess (deficiency) of revenues over expenditures	-	(113,755)	(191,335)	(624,405)	(994,914)
Other financing sources (uses)					
Proceeds from capital leases	-	-	-	268,344	268,344
Transfers in	-	-	-	223,198	373,198
Transfers out	-	-	-	-	(290,171)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,542</u>	<u>351,371</u>
Excess of revenue and other sources over expenditures and other uses	-	(113,755)	(191,335)	(132,863)	(643,543)
Fund balance, July 1, 2017	<u>(5,743)</u>	<u>113,755</u>	<u>191,335</u>	<u>(1,148,569)</u>	<u>(281,281)</u>
Fund balance, June 30, 2018	<u>\$ (5,743)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,281,432)</u>	<u>\$ (924,824)</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
School Capital Projects
June 30, 2018

	School Capital Projects	Phase 2 Project	Athletic Improvements	Total School Capital Project
Assets				
Cash and cash equivalent	\$ -	\$ -	\$ -	\$ -
Due from other funds	119,027	1,645,661	-	1,764,688
Total assets	119,027	1,645,661	-	1,764,688
Deferred outflows of resources				
None	-	-	-	-
Total assets and deferred outflows of resources	\$ 119,027	\$ 1,645,661	\$ -	\$ 1,764,688
Liabilities				
Accounts payable	\$ -	\$ 100,798	\$ -	\$ 100,798
Due to other funds	-	-	-	-
Total liabilities	-	100,798	-	100,798
Deferred inflows of resources				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance				
Restricted	119,027	1,544,863	-	1,663,890
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	119,027	1,544,863	-	1,663,890
Town liabilities, deferred inflows of resources, and fund balances	\$ 119,027	\$ 1,645,661	\$ -	\$ 1,764,688

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balance – School Capital Projects
For the Year Ended June 30, 2018

	School Capital Projects	Phase 2 Project	Athletic Improvements	Total School Capital Projects
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest and investment income	-	-	-	-
Other revenues	-	<u>11,021</u>	-	<u>11,021</u>
Total revenue	<u>-</u>	<u>11,021</u>	<u>-</u>	<u>11,021</u>
Expenditures				
General government	-	-	-	-
Education	-	22,343	-	22,343
Capital	-	<u>416,648</u>	-	<u>416,648</u>
Total Expenditures	<u>-</u>	<u>438,991</u>	<u>-</u>	<u>438,991</u>
Excess (deficiency) of revenues over expenditures	-	(427,970)	-	(427,970)
Other financing sources (uses)				
Proceeds from capital leases	-	-	-	-
Transfers in	-	1,359,370	-	1,359,370
Transfers out	-	-	<u>(45,717)</u>	<u>(45,717)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,359,370</u>	<u>(45,717)</u>	<u>1,313,653</u>
Excess of revenue and other sources over expenditures and other uses	-	931,400	(45,717)	885,683
Fund balance, July 1, 2017	<u>119,027</u>	<u>613,463</u>	<u>45,717</u>	<u>778,207</u>
Fund balance, June 30, 2018	<u>\$ 119,027</u>	<u>\$ 1,544,863</u>	<u>\$ -</u>	<u>\$ 1,663,890</u>

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Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Balance Sheet –
Permanent Funds
June 30, 2018

	<u>Sherman Trust</u>	<u>Cemetery Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 16,873	\$ 141,422	\$ 158,295
Due from other funds	(80)	5,418	5,338
Total assets	<u>16,793</u>	<u>146,840</u>	<u>163,633</u>
Deferred outflows of resources			
None	-	-	-
Total assets and deferred outflows of resources	<u>\$ 16,793</u>	<u>\$ 146,840</u>	<u>\$ 163,633</u>
Liabilities			
None	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
None	-	-	-
Fund Balances			
Nonspendable	16,793	146,840	163,633
Restricted	-	-	-
Unassigned	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,793</u>	<u>\$ 146,840</u>	<u>\$ 163,633</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Non-Major Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balance – Permanent Funds
For the Year Ended June 30, 2018

	<u>Sherman Trust</u>	<u>Cemetery Fund</u>	<u>Total</u>
Revenues			
Investment income	\$ 70	\$ 2,011	\$ 2,081
Total revenues	<u>70</u>	<u>2,011</u>	<u>2,081</u>
Expenditures			
None	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	70	2,011	2,081
Other financing sources (uses)			
Transfer from (to) other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	70	2,011	2,081
Fund Balance, July 1, 2017	<u>16,723</u>	<u>144,829</u>	<u>161,552</u>
Fund Balance, June 30, 2018	<u>\$ 16,793</u>	<u>\$ 146,840</u>	<u>\$ 163,633</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Statement of Net Position – Employee Benefit Trust Funds
June 30, 2018

	Town Pension Trust	OPEB Trust	Total
Assets			
Cash and cash equivalents	\$ 1,087,764	\$ -	\$ 1,087,764
Investments, at fair value	55,628,304	1,310,523	56,938,827
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>56,716,068</u>	<u>1,310,523</u>	<u>58,026,591</u>
Deferred outflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 56,716,068</u>	<u>\$ 1,310,523</u>	<u>\$ 58,026,591</u>
Liabilities			
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Restricted for pension	56,716,068	-	56,716,068
Restricted for OPEB	<u>-</u>	<u>1,310,523</u>	<u>1,310,523</u>
Total net position	<u>56,716,068</u>	<u>1,310,523</u>	<u>58,026,591</u>
Total liabilities and net position	<u>\$ 56,716,068</u>	<u>\$ 1,310,523</u>	<u>\$ 58,026,591</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Statement of Changes in Net Position – Employee Benefit Trust Funds
June 30, 2018

	<u>Town Pension Trust</u>	<u>OPEB Trust</u>	<u>Total</u>
Additions			
Employer contributions	\$ 4,322,591	\$ 1,069,210	\$ 5,391,801
Plan member contributions	301,399	53,958	355,357
Net investment income	<u>3,897,741</u>	<u>101,350</u>	<u>3,999,091</u>
Total additions	<u>8,521,731</u>	<u>1,224,518</u>	<u>9,746,249</u>
Deductions			
Benefits paid	4,675,839	1,019,210	5,695,049
Administrative expenses	<u>67,974</u>	<u>10,485</u>	<u>78,459</u>
Total deductions	<u>4,743,813</u>	<u>1,029,695</u>	<u>5,773,508</u>
Changes in fund equity held in trust for individuals, organizations, and other governments	3,777,918	194,823	3,972,741
Net position, July 1, 2017	<u>52,938,150</u>	<u>1,115,700</u>	<u>54,053,850</u>
Net position, June 30, 2018	<u>\$ 56,716,068</u>	<u>\$ 1,310,523</u>	<u>\$ 58,026,591</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Town Agency Funds Balance Sheet
June 30, 2018

	Soil Agency Fund	GMH Deposit Agency Fund	Road Bonds	Glen Park Damage Dep	City Clerks Restoration Fund	Prescott Point Traffic Study Bond	Hathaway	Melville	PMS	PHS	Total Agency
Assets											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 235,997	\$ 109,014	\$ 14,846	\$ 29,709	\$ 31,063	\$ 259,641	\$ 680,270
Accounts receivable	211,802	16,000	11,941	1,250	-	(80)	-	-	-	-	240,913
Total assets	<u>211,802</u>	<u>16,000</u>	<u>11,941</u>	<u>1,250</u>	<u>235,997</u>	<u>108,934</u>	<u>14,846</u>	<u>29,709</u>	<u>31,063</u>	<u>259,641</u>	<u>921,183</u>
Deferred outflows of resources											
None	-	-	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 211,802</u>	<u>\$ 16,000</u>	<u>\$ 11,941</u>	<u>\$ 1,250</u>	<u>\$ 235,997</u>	<u>\$ 108,934</u>	<u>\$ 14,846</u>	<u>\$ 29,709</u>	<u>\$ 31,063</u>	<u>\$ 259,641</u>	<u>\$ 921,183</u>
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits held	211,802	16,000	11,941	1,250	235,997	108,934	14,846	29,709	31,063	259,641	921,183
Total liabilities	<u>\$ 211,802</u>	<u>\$ 16,000</u>	<u>\$ 11,941</u>	<u>\$ 1,250</u>	<u>\$ 235,997</u>	<u>\$ 108,934</u>	<u>\$ 14,846</u>	<u>\$ 29,709</u>	<u>\$ 31,063</u>	<u>\$ 259,641</u>	<u>\$ 921,183</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Supplementary Information
Combining Town Agency Funds Statement of Changes in Net Position
For the Year Ended June 30, 2018

	Soil Agency Fund	GMH Deposit Agency Fund	Road Bonds	Glen Park Damage Dep	City Clerks Restoration Fund	Prescott Point Traffic Study Bond	Hathaway	Melville	PMS	PHS	Total Agency
Revenue											
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450	\$ -	\$ -	\$ -	\$ -	\$ 450
Other revenue	106,650	39,937	20,000	1,250	-	-	27,990	27,874	111,893	282,874	618,468
Total revenue	106,650	39,937	20,000	1,250	-	450	27,990	27,874	111,893	282,874	618,918
Expenses											
Deductions	127,940	37,437	8,059	1,100	-	-	31,932	31,915	119,664	282,175	640,222
Total expenses	127,940	37,437	8,059	1,100	-	-	31,932	31,915	119,664	282,175	640,222
Change in net position	(21,290)	2,500	11,941	150	-	450	(3,942)	(4,041)	(7,771)	699	1,259,140
Net position - July 1, 2017	233,092	13,500	-	1,100	235,997	108,484	18,788	33,750	38,834	258,942	942,487
Net position - June 30, 2018	\$ 211,802	\$ 16,000	\$ 11,941	\$ 1,250	\$ 235,997	\$ 108,934	\$ 14,846	\$ 29,709	\$ 31,063	\$ 259,641	\$ 921,183

See independent auditor's report

Town of Portsmouth, Rhode Island
Tax Collector's Annual Report
For the Year Ended June 30, 2018

<u>Tax Roll Year</u>	<u>Balance July 1, 2017</u>	<u>Assessment</u>	<u>Additions</u>	<u>Abatements & Adjustments</u>	<u>Amount to be collected</u>	<u>Current Year Collections</u>	<u>Refunds</u>	<u>Balance June 30, 2018</u>	<u>FY 2018 Cash Collections Summary</u>			<u>July - August 2018 (FY 19) Cash Collections Subject to 60-day FY 18 Accrual</u>
									<u>July - August 2017 Collections Subject to 60-day FY17 Accrual</u>	<u>September - June-18 Collections</u>	<u>Total FY 2018 Cash Collections</u>	
2017		52,436,990	13,956	53,656	52,397,290	51,009,001	72,744	1,461,033		51,009,001	51,009,001	561,555
2016	1,518,357	-	970	697	1,518,630	1,404,530	39	114,139	437,663	966,867	1,404,530	6,016
2015	115,002		784	364	115,422	50,795	81	64,708	10,517	40,278	50,795	1,976
2014	71,405		882	-	72,287	11,193	21	61,116	463	10,730	11,193	196
2013	57,034		-	(0)	57,034	7,375	-	49,659	879	6,496	7,375	5
2012	47,504		-	-	47,504	3,451	-	44,053	224	3,227	3,451	40
2011	43,951		-	-	43,952	2,212	-	41,740	156	2,056	2,212	584
2010	39,938		-	-	39,938	2,143	-	37,795	519	1,624	2,143	50
2009	26,221		-	-	26,221	1,316	-	24,905	213	1,103	1,316	175
2008	22,814		-	-	22,814	709	-	22,105	41	668	709	139
2007	16,869		-	0	16,868	579	-	16,289	-	579	579	-
2006	13,283		-	11,829	1,454	239	-	1,215	-	239	239	-
2005	1,001		-	-	1,001	-	-	1,001	-	-	-	-
2004	319				319	-		319	-	-	-	-
	<u>\$ 1,973,698</u>	<u>\$ 52,436,990</u>	<u>\$ 16,592</u>	<u>\$ 66,547</u>	<u>\$ 54,360,735</u>	<u>\$ 52,493,543</u>	<u>\$ 72,885</u>	<u>\$ 1,940,078</u>	<u>\$ 450,675</u>	<u>\$ 52,042,868</u>	<u>\$ 52,493,543</u>	<u>\$ 570,736</u>
Less: Allowance for Uncollectible accounts	<u>(456,828)</u>							<u>(435,652)</u>				
	<u>\$ 1,516,870</u>							<u>\$ 1,504,426</u>				

See independent auditor's report

Town of Portsmouth, Rhode Island
Tax Collector's Annual Report
For the Year Ended June 30, 2018

Schedule of property valuation assessed as of December 31, 2017:

	<u>Valuation</u>	<u>Levy</u>
Real property	3,276,562,065	50,571,066
Motor vehicles	167,269,965	3,763,613
Tangible personal property	67,084,212	1,034,391
Total	<u>3,510,916,242</u>	<u>55,369,070</u>
Less: Exemptions and motor vehicle phase out		
Real property	(80,130,012)	(1,282,065)
Motor vehicles	(73,397,382)	(1,651,516)
Tangible personal property	<u>82,075</u>	<u>1,501</u>
Total	<u><u>3,357,470,922</u></u>	<u><u>52,436,990</u></u>

Reconciliation of Current Year Property Tax Revenue

Current Year Collections	\$ 52,493,543
60-day FY18 Accrual	570,736
<i>July-August 2017 Collections</i>	
60-day FY17 Accrual	<u>(450,675)</u>
<i>July-August 2016 Collections</i>	
Current Year Property Tax Revenue	<u><u>\$ 52,613,604</u></u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2018

OTHER SUPPLEMENTARY INFORMATION

The Annual Supplemental Transparency Report Schedules
required by the State of Rhode Island General Law § 45-12-22.2 and § 44-35-10

Annual Supplemental Transparency Report (MTP2) - Revenue

Annual Supplemental Transparency Report (MTP2) – Expenditures

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Municipal

Combining Schedule of Reportable Government Services with Reconciliation to MTP2 – Education Department

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2018

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 51,094,784	\$ -
Last Year's Levy Tax Collection	1,404,403	-
Prior Years Property Tax Collection	79,961	-
Interest & Penalty	335,400	-
PILOT & Tax Treaty (excluded from levy) Collection	8,421	-
Other Local Property Taxes	-	-
Licenses and Permits	503,104	-
Fines and Forfeitures	374,642	-
Investment Income	101,093	-
Departmental	1,558,052	-
Rescue Run Revenue	751,141	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	220,883	-
Tuition	-	1,247,742
Impact Aid	-	256,634
Medicaid	-	272,008
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	210,369
CDBG	-	-
COPS Grants	65,091	-
SAFER Grants	-	-
Other Federal Aid Funds	43,851	1,046,045
MV Excise Tax Reimbursement & Phase-out	302,146	-
State PILOT Program	-	-
Distressed Community Relief Fund	-	-
Library Resource Aid	113,853	-
Library Construction Aid	-	-
Public Service Corporation Tax	228,990	-
Meals & Beverage Tax / Hotel Tax	288,994	-
LEA Aid	-	4,475,695
Group Home	-	-
Housing Aid Capital Projects	278,830	-
Housing Aid Bonded Debt	421,117	-
State Food Service Revenue	-	8,259
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	65,478
Other Revenue	-	701,399
Local Appropriation for Education	-	32,048,768
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	325,000
Rounding	-	-
Total Revenue	<u>\$ 58,174,754</u>	<u>\$ 40,657,398</u>
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	355,171	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	-	-
Rounding	-	-
Total Other Financing Sources	<u>\$ 355,171</u>	<u>\$ -</u>

*See notes to accompanying supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 599,390	\$ 595,037	\$ -	\$ -	\$ 445,604	\$ -	\$ 1,031,035	\$ 78,171	\$ 2,379,760
Compensation - Group B	-	-	-	-	-	-	-	-	55,789
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	17,673	1,388	-	-	6,355	-	118,039	-	475,686
Overtime - Group B	-	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	82,248	132,209	-	-	83,894	-	306,370	-	448,795
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	27,556
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	8,067	8,830	-	-	6,276	-	19,947	-	27,852
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	1,492
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	58,579	48,118	-	-	34,196	-	86,966	6,055	212,278
Life Insurance	2,996	3,745	-	-	2,622	-	5,618	-	13,483
State Defined Contribution- Group A	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	-
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	325,454	-	-	-	-	-	91,005	-	-
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	611,204	45,210	-	-	32,141	-	-	-	1,510,783
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	81,150
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	179,864	-	-
Purchased Services	256,190	11,969	-	124,540	49,232	-	71,389	6,015	38,398
Materials/Supplies	-	30,551	-	3,498	-	-	43,944	2,629	-
Software Licenses	-	34,558	-	47,947	-	-	-	-	20,826
Capital Outlays	-	-	-	-	-	-	-	-	-
Insurance	173,415	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	561	-	306,408	2,922	96,808
Vehicle Operations	-	-	-	-	-	-	44,013	-	159,892
Utilities	76,960	-	-	-	-	-	76,222	7,682	25,728
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	156,013	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	188,282	-	-
Trash Removal & Recycling	-	-	-	-	-	-	767,440	-	-
Claims & Settlements	10,101	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	-	-	-
Other Operation Expenditures	264,434	356,900	122,646	-	23,208	618,753	96,868	12,390	115,135
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 2,486,710	\$ 1,268,515	\$ 122,646	\$ 175,984	\$ 684,090	\$ 618,753	\$ 3,589,425	\$ 115,863	\$ 5,691,413

See notes to accompanying supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ 2,403,184	\$ -	\$ 136,405	\$ -	\$ -	\$ -	\$ 7,668,588	\$ 17,244,100
Compensation - Group B	127,235	-	-	-	-	-	183,024	1,670,338
Compensation - Group C	-	-	-	-	-	-	-	3,778,950
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	729,220	-	11,795	-	-	-	1,360,157	-
Overtime - Group B	-	-	-	-	-	-	-	-
Overtime - Group C	-	-	-	-	-	-	-	112,915
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	499,637	-	26,288	-	-	-	1,579,441	2,748,540
Active Medical Insurance- Group B	-	-	-	-	-	-	27,556	279,769
Active Medical Insurance- Group C	-	-	-	-	-	-	-	564,375
Active Dental insurance- Group A	31,251	-	1,599	-	-	-	103,823	169,975
Active Dental Insurance- Group B	-	-	-	-	-	-	1,492	17,430
Active Dental Insurance- Group C	-	-	-	-	-	-	-	34,247
Payroll Taxes	240,543	-	11,388	-	-	-	698,124	613,316
Life Insurance	11,985	-	749	-	-	-	41,199	31,315
State Defined Contribution - Group A	-	-	4,979	-	-	-	4,979	385,731
State Defined Contribution - Group B	-	-	-	-	-	-	-	37,235
State Defined Contribution - Group C	-	-	-	-	-	-	-	-
Other Benefits- Group A	195,544	-	2,900	-	-	-	614,902	131,966
Other Benefits- Group B	-	-	-	-	-	-	-	24,903
Other Benefits- Group C	-	-	-	-	-	-	-	23,356
Local Defined Benefit Pension- Group A	1,457,534	-	-	-	-	-	3,656,873	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	81,150	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	614,264
State Defined Benefit Pension - Group A	-	-	-	-	-	-	-	2,180,486
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	209,604
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	179,864	139,815
Purchased Services	45,156	-	55,434	-	-	-	658,324	5,631,356
Materials/Supplies	77,567	-	31,475	-	-	-	189,663	478,551
Software Licenses	6,840	-	-	-	-	-	110,171	308,016
Capital Outlays	-	-	-	-	-	-	-	1,056,432
Insurance	-	-	-	-	-	-	173,415	184,933
Maintenance	28,653	-	11,052	-	-	-	446,404	529,111
Vehicle Operations	75,838	-	832	-	-	-	280,575	35,687
Utilities	26,289	-	-	-	-	-	212,880	637,655
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	156,013	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	188,282	-
Trash Removal & Recycling	-	-	-	-	-	-	767,440	-
Claims & Settlements	-	-	-	-	-	-	10,101	-
Community Support	-	-	-	-	-	-	-	4,459
Other Operation Expenditures	336,020	-	168,800	-	-	-	2,115,155	96,948
Local Appropriation for Education	-	-	-	32,048,768	-	-	32,048,768	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	325,000	-	-	325,000	-
Municipal Debt- Principal	-	-	-	-	659,200	-	659,200	-
Municipal Debt- Interest	-	-	-	-	585,610	-	585,610	-
School Debt- Principal	-	-	-	-	998,867	-	998,867	-
School Debt- Interest	-	-	-	-	234,664	-	234,664	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	145,559
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	998,591	998,591	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ 6,292,496	\$ -	\$ 463,696	\$ 32,373,768	\$ 2,478,341	\$ 998,591	\$ 57,360,292	\$ 40,121,334
Financing Uses: Transfer to Capital Funds	-	-	-	-	-	-	\$ 1,068,428	\$ -
Financing Uses: Transfer to Other Funds	-	-	-	-	-	-	254,924	-
Financing Uses: Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-
Financing Uses: Other	-	-	-	-	-	-	-	-
Total Other Financing Uses	-	-	-	-	-	-	\$ 1,323,352	\$ -
Net Change in Fund Balance¹	-	-	-	-	-	-	(153,719)	536,063
Fund Balance¹- beginning of year	-	-	-	-	-	-	57,519,664	\$3,081,048
Funds removed from Reportable Government Services (RGS)	-	-	-	-	-	-	-	-
Funds added to Reportable Government Services (RGS)	-	-	-	-	-	-	615,542	-
Prior period adjustments	-	-	-	-	-	-	-	-
Misc. Adjustment	-	-	-	-	-	-	-	(48,524)
Fund Balance¹ - beginning of year adjusted	-	-	-	-	-	-	8,135,206	3,032,524
Rounding	-	-	-	-	-	-	-	-
Fund Balance¹ - end of year	-	-	-	-	-	-	\$ 7,981,487	\$ 3,568,587

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

See notes to accompanying supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance ¹ - per MTP-2 at June 30, 2017						\$ 7,519,664		\$ 7,519,664	
Impact Fees special revenue added to RGS for fiscal year 2018						615,542	-	615,542	
No funds added to RGS for Fiscal 2018						-	-	-	
No misc. adjustments made for fiscal 2018						-	-	-	
Fund Balance ¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 8,135,206</u>		<u>\$ 8,135,206</u>	
General Fund	\$ 57,310,708	\$ 355,171	\$ 23,766,385	\$ 33,372,120	\$ 527,374	\$ 7,219,106		\$ 7,219,106	\$ 7,746,480
Impact Fees in Special Revenue	106,065	-	198,000	325,000	(416,935)	615,542		615,542	196,607
EMPG Grant	2,500	-	2,500	-	-	-		-	-
AFG Grant	34,015	-	34,015	-	-	-		-	-
Click It or Ticket	1,504	-	1,504	-	-	-		-	-
Blue Riptide Impaired / Drunk Driver	2,815	-	2,815	-	-	-		-	-
Blue Riptide Speed Management	3,017	-	3,017	-	-	-		-	-
COPS	65,091	-	50,803	-	14,288	(14,288)		(14,288)	-
Transfer Station	649,039	-	927,485	-	(278,446)	314,846		314,846	36,400
Totals per audited financial statements	<u>\$ 58,174,754</u>	<u>\$ 355,171</u>	<u>\$ 24,906,524</u>	<u>\$ 33,697,120</u>	<u>\$ (153,719)</u>	<u>\$ 8,135,206</u>	<u>\$ -</u>	<u>\$ 8,135,206</u>	<u>\$ 7,981,487</u>
Reconciliation from financial statements to MTP2									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 32,048,768.00	\$ (32,048,768.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Reclass transfer to school to match school UCOA coding of additional local appropriation from Town Rounding	-	-	325,000.00	(325,000.00)	-	-	-	-	-
Totals Per MTP2	<u>\$ 58,174,754</u>	<u>\$ 355,171</u>	<u>\$ 57,360,292</u>	<u>\$ 1,323,352</u>	<u>\$ (153,719)</u>	<u>\$ 8,135,206</u>	<u>\$ -</u>	<u>\$ 8,135,206</u>	<u>\$ 7,981,487</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

See notes to accompanying supplementary information
See independent auditor's report

Town of Portsmouth, Rhode Island
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 3,081,048		\$ 3,081,048	
<i>Prior year net investment in capital assets</i>						(48,524)	-	(48,524)	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 3,032,524</u>		<u>\$ 3,032,524</u>	
School Unrestricted Fund	\$ 8,031,490	\$ 32,048,768	\$ 39,526,953	\$ 787,481	\$ (234,176)	\$ 1,692,489		\$ 1,692,489	\$ 1,458,313
Enterprise Fund - School Nutrition Fund	724,028	6394	728,816	-	1,606	197,861		197,861	199,467
Enterprise Fund - School Summer School Fund	-	-	-	-	-	(234)		(234)	(234)
School Capital Projects Fund	11,021	1313653	438,991	-	885,683	778,207		778,207	1,663,890
School Special Revenue Funds	1,279,848	-	1,196,497	207,566	(124,215)	407,971		407,971	283,756
Totals per audited financial statements	<u>\$ 10,046,387</u>	<u>\$ 33,368,815</u>	<u>\$ 41,891,257</u>	<u>\$ 995,047</u>	<u>\$ 528,898</u>	<u>\$ 3,076,294</u>	<u>\$ -</u>	<u>\$ 3,076,294</u>	<u>\$ 3,605,192</u>
Reconciliation from financial statements to MTP2									
Municipal appropriation for Education reported as a transfer on financial statements but as revenue on MTP2	\$ 32,048,768.00	\$ (32,048,768.00)	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(1,762,755)	-	(1,762,755)	-	-	-		-	-
Enterprise Fund - School Nutrition Fund depreciation reported as an expenditure for GAAP but excluded from UCOA and MTP2	-	-	(7,166)	-	7,166	(43,770)		(43,770)	(36,604)
Transfer from the School Unrestricted Fund to the Nutrition Fund to cover the cost of student bad debt. The amount is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA or the MTP2 because the transfers net out to zero.	-	(6,394)	-	(6,394)	-	-		-	-
Transfer from School Unrestricted Fund to the School Capital Projects Fund is reported as an Other Financing Sources and Use for GAAP while it is not reported in UCOA or the MTP2 because the transfers net out to zero.	-	(781,086)	-	(781,086)	-	-		-	-
Municipal Impact Fees used for School Capital Projects shown as a transfer on financial statements but revenue on MTP2	325,000	(325,000)	-	-	-	-		-	-
Special Revenue Funds transferred to School Capital Projects Fund are shown as transfers on the financial statements but net to zero on MTP2	-	(207,566)	-	(207,567)	1	-		-	1
Rounding	(2)	(1)	(2)	-	(2)	-		-	(2)
Totals Per MTP2	<u>\$ 40,657,398</u>	<u>\$ -</u>	<u>\$ 40,121,334</u>	<u>\$ -</u>	<u>\$ 536,063</u>	<u>\$ 3,032,524</u>	<u>\$ -</u>	<u>\$ 3,032,524</u>	<u>\$ 3,568,587</u>
Reconciliation from MTP2 to UCOA									
No reconciling items between MTP2 and UCOA	-	-	-	-	-	-		-	-
Totals per UCOA Validated Totals Report	<u>\$ 40,657,398</u>	<u>\$ -</u>	<u>\$ 40,121,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

*See notes to accompanying supplementary information
See independent auditor's report*

Town of Portsmouth, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2) For the Year Ended June 30, 2018

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report (MTP2)* is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report (MTP2)* was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General, and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The *Annual Supplemental Transparency Report (MTP2)* includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups - Compensation and Benefit Costs

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

Town of Portsmouth, Rhode Island

Notes to Supplementary Information – Annual Supplemental Transparency Report (MTP2)
For the Year Ended June 30, 2018

NOTE 4. Employee Groups - Compensation and Benefit Costs (continued)

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.

Statistical Section

The Statistical Schedules differ from other financial statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the Town.

Town of Portsmouth, Rhode Island
Statistical Section
For the Year Ended June 30, 2018

This part of Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position by Component
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess Town's most significant revenue sources.

- Assessed Values and Estimated Actual Values of Taxable Property
- Principal Taxpayers
- Property Tax Levies and Collections

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

- Ratio of Net Bonded Debt Outstanding by Type
- Ratio of Net Bonded Debt Outstanding
- Legal Debt Margin Information

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

- Full-Time Employees Equivalent by Town Department
- Operating Indicators by Function
- Capital Asset Statistics by Function

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Net Position by Component
Last 10 Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 12,160,493	\$ 11,929,405	\$ 13,131,880	\$ 13,342,227	\$ 13,361,790	\$ 17,181,434	\$ 19,065,856	\$ 18,884,330	\$ 12,808,535	\$ 18,492,317
Permanent Trust Funds										
Expandable	-	-	-	-	-	-	-	-	-	-
Nonexpandable	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Restricted for specific programs	714,727	3,111,864	-	-	-	-	-	-	13,224,782	9,539,508
Unrestricted	(142,360)	(800,628)	2,186,695	4,868,397	7,593,977	4,978,129	(53,150,442)	(48,236,404)	(76,737,772)	(79,603,146)
Total Governmental Activities Net Position	\$ 12,732,860	\$ 14,240,641	\$ 15,318,575	\$ 18,210,624	\$ 20,955,767	\$ 22,159,563	\$ (34,084,586)	\$ (29,352,074)	\$ (50,704,455)	\$ (51,571,321)
Business-type Activities:										
Net Investment in Capital Assets	\$ 165,507	\$ 216,776	\$ 263,758	\$ 337,289	\$ 558,288	\$ 778,209	\$ 1,011,013	\$ 214,640	\$ 246,923	\$ 287,681
Restricted for recycling	-	-	-	-	-	-	-	42,925	-	-
Restricted for specific programs	5,399	51,204	61,272	117,652	42,216	41,468	52,185	-	135,043	182,330
Unrestricted	(85,385)	(169,294)	(206,059)	(218,110)	(399,971)	64,764	(201,753)	(484,211)	(279,674)	(581,785)
Total Business-type Activities Net Position	\$ 85,521	\$ 98,686	\$ 118,971	\$ 236,831	\$ 200,533	\$ 884,441	\$ 861,445	\$ (226,646)	\$ 102,292	\$ (111,774)
Primary Government:										
Net Investment in Capital Assets	\$ 12,326,000	\$ 12,146,181	\$ 13,395,638	\$ 13,679,516	\$ 13,920,078	\$ 17,959,643	\$ 20,076,869	\$ 19,098,970	\$ 13,055,458	\$ 18,779,998
Permanent Funds:										
Expandable	-	-	-	-	-	-	-	-	-	-
Nonexpandable	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Restricted for recycling	-	-	-	-	-	-	-	42,925	-	-
Restricted for specific programs	720,126	3,163,068	61,272	117,652	42,216	41,468	52,185	-	13,359,825	9,721,838
Unrestricted	(227,745)	(969,922)	1,980,636	4,650,287	7,194,006	5,042,893	(53,352,195)	(48,720,615)	(77,017,446)	(80,184,931)
Total Primary Government Net Position	\$ 12,818,381	\$ 14,339,327	\$ 15,437,546	\$ 18,447,455	\$ 21,156,300	\$ 23,044,004	\$ (33,223,141)	\$ (29,578,720)	\$ (50,602,163)	\$ (51,683,095)

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Changes in Net Position by Component
Last 10 Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,220,039	\$ 1,195,247	\$ 1,390,030	\$ 1,457,302	\$ 325,937	\$ 207,860	\$ 321,465	\$ 779,018	\$ 1,276,782	\$ 1,301,265
General Education	779,170	934,883	963,936	1,072,173	1,095,603	1,284,080	1,190,355	1,223,557	1,324,821	1,457,114
Public Safety	598,341	632,623	561,940	559,735	1,916,306	1,928,936	1,593,544	810,523	1,247,938	1,296,168
Public Services	-	-	38,239	36,045	-	-	-	786,402	904,663	1,312,384
Community Service	-	-	-	-	596,985	612,272	591,755	570,530	269,131	54,321
Operating Grants and Contributions	3,508,986	3,231,539	3,582,471	3,351,960	2,640,398	2,872,433	4,283,641	5,581,847	5,964,893	8,142,481
Capital Grants and Contributions	89,015	355,810	441,054	293,313	106,790	115,000	193,000	250,313	-	11,021
Total Governmental Activities Program Revenues	6,195,551	6,350,102	6,977,670	6,770,528	6,682,019	7,020,581	8,173,760	10,002,190	10,988,228	13,574,754
Business-type Activities:										
Charges for Services:										
School Lunch Fund	495,299	415,623	468,778	458,888	439,792	474,039	485,336	504,002	526,846	505,390
Transfer Station	461,766	582,877	618,213	582,454	554,501	567,679	582,891	633,222	667,281	649,039
Wind Turbine Generator Fund	140,149	508,545	320,594	324,197	55,120	-	-	-	-	-
Septic System Loan Program	-	-	-	-	-	-	-	-	7,789	6,875
Non-major Funds	-	70,332	14,449	15,908	14,925	12,900	9,882	5,400	4,500	18,000
Operating Grants and Contributions	182,147	147,946	183,077	168,652	181,779	200,640	211,539	254,731	331,602	218,628
Total Business-type Activities	1,279,361	1,725,323	1,605,111	1,550,099	1,246,117	1,255,258	1,289,648	1,397,355	1,538,018	1,397,932
Total Primary Government Program Revenues	7,474,912	8,075,425	8,582,781	8,320,627	7,928,136	8,275,839	9,463,408	11,399,545	12,526,246	14,972,686
Expenses:										
Governmental Activities:										
General Government	5,064,984	4,930,847	5,024,199	4,607,181	5,022,256	5,992,387	6,635,659	5,830,129	5,631,833	7,402,421
General Education	38,467,906	37,942,790	38,798,267	38,514,354	39,516,556	38,316,994	41,397,051	40,753,345	40,978,207	42,132,819
Public Safety	8,441,333	8,529,945	8,810,077	9,185,098	9,606,117	9,860,970	11,096,478	11,371,782	13,281,332	12,902,054
Public Services	2,916,519	2,657,651	3,557,560	2,791,589	3,120,357	2,870,292	3,315,586	3,237,659	3,384,612	4,242,174
Community Service	1,477,988	1,556,963	1,274,895	1,346,146	1,045,438	1,376,200	1,269,191	1,290,100	1,297,889	1,164,372
Capital Outlay	46,059	143,750	39,727	320,161	106,499	2,551,459	-	-	-	-
Interest on Long Term Debt	756,738	632,034	525,631	524,720	392,363	466,731	428,901	556,894	640,732	838,661
Amortization Expense	43,313	91,050	69,566	47,885	50,501	29,851	29,851	-	-	-
Non-Operating Expense	37,250	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	57,252,090	56,485,030	58,099,922	57,337,134	58,860,087	61,464,884	64,172,717	63,039,909	65,214,605	68,682,501

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Changes in Net Position by Component
Last 10 Years
(Unaudited)

Business-type Activities:										
School Lunch Fund	650,200	557,748	641,843	628,779	649,650	644,770	655,980	711,503	752,768	728,816
Transfer Station	726,962	673,097	639,453	522,349	513,140	539,373	485,025	569,944	682,031	924,230
Wind Turbine Generator Fund	159,750	462,739	310,526	310,035	99,702	155,319	151,307	1,193,708	-	-
Septic System Loan Program	-	-	-	-	-	-	-	16,421	894	743
Non-major Funds	-	60,647	14,244	50,535	19,938	19,964	27,341	10,162	10,470	9,066
Total Business-type Activities	1,536,912	1,754,231	1,606,066	1,511,698	1,282,430	1,359,426	1,319,653	2,501,738	1,446,163	1,662,855
Total Primary Government Program Expenses	58,789,002	58,239,261	59,705,988	58,848,832	60,142,517	62,824,310	65,492,370	65,541,647	66,660,768	70,345,356
Net (Expenses)/Revenue:										
Governmental Activities	(51,056,539)	(50,134,928)	(51,122,252)	(50,566,606)	(52,178,068)	(54,444,303)	(55,998,957)	(53,037,719)	(54,226,377)	(55,107,747)
Business-type Activities	(257,551)	(28,908)	(955)	38,401	(36,313)	(104,168)	(30,005)	(1,104,383)	91,855	(264,923)
Total Primary Government Net Expenses	(51,314,090)	(50,163,836)	(51,123,207)	(50,528,205)	(52,214,381)	(54,548,471)	(56,028,962)	(54,142,102)	(54,134,522)	(55,372,670)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, MV Phase Out, and PILOT	41,791,630	43,728,918	44,388,491	45,490,728	46,517,787	47,965,049	49,267,057	49,910,345	51,008,411	52,466,837
State Aid (unrestricted)	7,426,530	6,947,321	6,937,773	6,871,423	7,005,457	6,778,745	6,048,181	6,359,063	4,387,343	1,682,968
Investment Income	41,839	11,798	10,392	11,855	(123,492)	13,792	11,621	13,433	39,911	103,984
Other Revenues	1,250,718	1,042,461	884,770	1,164,085	719,182	1,678,576	1,351,979	1,452,173	61,917	48,410
Transfers	(284,225)	(96,875)	(21,240)	(79,435)	-	(788,063)	(7,000)	35,217	(504,341)	(61,318)
Total Governmental Activities	50,226,492	51,633,623	52,200,186	53,458,656	54,118,934	55,648,099	56,671,838	57,770,231	54,993,241	54,240,881
Business-type Activities:										
Transfers	284,225	96,875	21,240	79,435	-	788,063	7,000	10,500	254,341	61,318
Investment Income				24	15	13	9	5,792	(17,258)	(10,461)
Total Business-type Activities	284,225	96,875	21,240	79,459	15	788,076	7,009	16,292	237,083	50,857
Total Primary Government General Revenues and Other Changes in Net Position	50,510,717	51,730,498	52,221,426	53,538,115	54,118,949	56,436,175	56,678,847	57,786,523	55,230,324	54,291,738
Change in Net Position:										
Governmental Activities	91,564	511,371	1,633,580	1,280,588	(325,369)	(350,858)	3,634,119	3,543,854	766,864	(866,866)
Business-type Activities	255,317	95,920	59,641	43,146	(104,153)	758,071	(1,097,374)	108,147	328,938	(214,066)
Total Change in Net Position of Primary Government	\$ 346,881	\$ 607,291	\$ 1,693,221	\$ 1,323,734	\$ (429,522)	\$ 407,213	\$ 2,536,745	\$ 3,652,001	\$ 1,095,802	\$ (1,080,932)

See independent auditor's report

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Town of Portsmouth, Rhode Island
Statistical Section
Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	CDBG	CDBG Disaster Recovery	Bulletproof Vest	Evidence Fund	City Clerks Restoration	EDC Workshop	EMW SHSP Heavy Rescue	EMPG 27-229	EMW 2012 FO 03583	Commemorative Bench
Revenues:										
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 34,015	\$ -
Charges for services	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-	895
Total revenue	-	-	-	-	-	-	-	2,500	34,015	895
Expenditures :										
Public safety	-	-	8,450	-	-	270	-	2,500	34,015	-
Public works	(55,521)	55,521	-	-	-	-	-	-	-	-
Public and social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	4,173
Total expenditures	(55,521)	55,521	8,450	-	-	270	-	2,500	34,015	4,173
Excess (deficiency) of revenues over expenditures	55,521	(55,521)	(8,450)	-	-	(270)	-	-	-	(3,278)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess of revenue and other sources over expenditures and other uses	55,521	(55,521)	(8,450)	-	-	(270)	-	-	-	(3,278)
Fund balance - beginning	(50,271)	62,440	-	2,633	74	787	176	-	-	4,639
Fund balance - ending	<u>\$ 5,250</u>	<u>\$ 6,919</u>	<u>\$ (8,450)</u>	<u>\$ 2,633</u>	<u>\$ 74</u>	<u>\$ 517</u>	<u>\$ 176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361</u>

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Changes in Fund Balances, Governmental Funds
Last 10 Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General property taxes and interest	\$ 43,648,457	\$ 44,644,777	\$ 44,637,537	\$ 47,562,179	\$ 47,192,624	\$ 48,391,434	\$ 49,242,875	\$ 50,384,667	\$ 50,764,048	\$ 52,587,567
State aid and grants	8,324,134	8,514,140	8,512,760	9,070,514	9,000,037	9,228,660	9,391,037	9,608,787	10,000,238	9,709,798
Licenses, permits, and fees	2,191,887	2,241,919	2,241,556	2,388,422	2,369,864	2,430,065	2,472,821	2,530,159	2,468,756	2,721,235
Charges for services	2,113,644	2,161,890	2,161,539	2,303,163	2,285,268	2,343,319	2,384,550	2,439,840	2,428,718	2,576,007
Investment income	41,839	11,798	10,392	11,855	(123,492)	13,792	11,621	70,150	39,911	103,984
Other revenue	211,059	246,873	248,236	263,719	396,923	266,586	273,690	221,776	314,691	140,229
Total revenues	56,531,020	57,821,397	57,812,020	61,599,852	61,121,224	62,673,856	63,776,594	65,255,379	66,016,362	67,838,820
General government	4,660,152	4,217,935	4,401,472	4,076,596	4,179,637	4,473,710	4,477,338	4,679,504	4,856,775	5,033,136
Public safety	8,941,333	8,929,945	9,210,077	9,185,098	9,606,117	10,860,970	11,196,478	11,451,321	11,815,833	12,385,996
Public works	2,916,519	2,857,651	3,557,560	2,791,589	3,120,357	3,082,772	3,315,586	3,224,582	3,325,211	3,489,791
Public and social services	776,009	725,395	729,018	654,818	671,369	718,606	688,603	751,662	780,716	807,887
Parks and recreation	268,979	286,798	280,176	260,547	267,133	285,928	289,994	299,081	399,049	233,044
Education	34,579,838	33,236,076	34,532,848	34,135,385	34,696,752	36,769,353	37,067,451	38,227,325	40,105,874	40,685,778
Capital outlay	6,118,901	5,650,857	6,245,244	5,733,358	5,878,275	6,291,862	6,381,350	6,581,293	6,905,580	7,003,672
Principal	1,716,633	1,447,951	1,523,383	1,469,091	1,506,224	1,612,199	1,635,129	1,686,362	1,905,979	1,658,067
Interest	756,738	632,034	525,631	524,720	392,363	466,731	428,901	630,907	517,121	816,273
Total expenses	60,735,102	57,984,642	61,005,409	58,831,202	60,318,227	64,562,131	65,480,830	67,532,037	70,612,138	72,113,644
Excess (deficit) of revenues over (under) expenditures before other financing sources (uses)	(4,204,082)	(163,245)	(3,193,389)	2,768,650	802,997	(1,888,275)	(1,704,236)	(2,276,658)	(4,595,776)	(4,274,824)
Other financing sources (uses)	2,259,131	2,682,471	2,839,249	1,970,641	689,000	311,937	1,539,406	5,261,352	12,559,028	595,606
Total change in fund balance	(1,944,951)	2,519,226	(354,140)	4,739,291	1,491,997	(1,576,338)	(164,830)	2,984,694	7,963,252	(3,679,218)
Beginning fund balance	6,152,315	4,034,983	6,554,209	6,200,069	10,939,360	12,431,357	10,855,019	10,690,189	13,674,883	21,638,135
Ending fund balance	\$ 4,034,983	\$ 6,554,209	\$ 6,200,069	\$ 10,939,360	\$ 12,431,357	\$ 10,855,019	\$ 10,690,189	\$ 13,674,883	\$ 21,638,135	\$ 17,958,917
Ratio of total debt service expenditures to total noncapital expenditures	4.74%	4.14%	3.89%	3.90%	3.61%	3.70%	3.62%	3.95%	3.95%	3.95%

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Assessed Values and Estimated Actual Values of Taxable Property
Last 10 Years
(Unaudited)

Fiscal Year Ended June 30	Residential GAV	Commercial GAV	Tangible Personal Property GAV	Inventory GAV	MV GAV	Less Exemptions	Total Taxable NAV	Tax Rate RP	Tax Rate MV @ 70%	Estimated Actual Gross Taxable Value	Assessed Value as a % of Actual Value
2009	3,366,636,500	312,957,500	64,407,673	-	148,314,618	230,841,362	3,661,474,929	\$10.840/1,000	\$22.50/1,000	3,892,316,291	94.07%
2010	3,411,101,400	313,234,400	72,767,234	-	134,245,632	226,188,811	3,705,159,855	\$11.265/1,000	\$22.50/1,000	3,931,348,666	94.25%
2011*	3,505,542,600	309,948,600	67,737,408	-	161,943,404	215,446,368	3,829,725,644	\$11.301/1,000	\$22.50/1,000	4,045,172,012	94.67%
2012	2,903,773,900	290,414,100	58,963,767	-	167,343,161	178,571,223	3,241,923,705	\$13.908/1,000	\$22.50/1,000	3,420,494,928	94.78%
2013	2,895,214,200	288,264,200	55,698,040	-	174,418,799	171,416,932	3,242,178,307	\$14.238/1,000	\$22.50/1,000	3,413,595,239	94.98%
2014*	2,904,679,000	294,055,900	58,439,219	-	173,244,400	172,448,628	3,257,969,891	\$14.526/1,000	\$22.50/1,000	3,430,418,519	94.97%
2015	2,714,119,625	294,534,200	59,523,139	-	173,544,462	165,618,254	3,076,103,172	\$15.800/1,000	\$22.50/1,000	3,241,721,426	94.89%
2016	2,733,900,325	305,966,265	60,212,072	-	176,452,095	163,096,751	3,113,434,006	\$15.800/1,000	\$22.50/1,000	3,276,530,757	95.02%
2017	2,758,521,200	299,856,865	63,264,039	-	181,813,760	158,450,875	3,145,004,989	\$16.000/1,000	\$22.50/1,000	3,303,455,864	95.20%
2018	2,966,256,600	310,305,465	67,084,212	-	186,581,223	163,531,429	3,366,696,071	\$15.420/1,000	\$22.50/1,000	3,530,227,500	95.37%

Source: Town of Portsmouth Tax Assessor Office

GAV=Gross Assessed Value; NAV=Net Assessed Value

*State Mandated Revaluation as of 12/31 prior year, which was effective for * tax roll year

Inventory Tax Rate:2007=\$2.30/1,000, 2006=\$4.60/1,000, 2005=\$6.89/1,000

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Principal Taxpayers
Current Year and 10 Years Ago
(Unaudited)

Taxpayer	2008			2018		
	Taxable Assessed Value	Rank	% of Total Taxable Value	Taxable Assessed Value	Rank	% of Total Taxable Value
Carnegie @ One Tower Drive LLC				\$ 50,655,600	1	1.509
Raytheon Corp	\$ 47,944,850	1	1.309	42,467,159	2	1.265
Newport Water				27,598,142	3	0.822
Northern Waterfront Assoc LP				22,193,400	4	0.661
Carnegie Abbey Club Acquisitions LP				17,563,500	5	0.523
TDS Realty	8,034,200	10	0.219	16,499,594	6	0.491
National Grid	15,599,050	6	0.426	16,279,361	7	0.485
Talaria RE Holdings	16,195,900	5	0.442	16,134,786	8	0.481
GMH Military Housing	19,624,500	3	0.536	11,910,000	9	0.355
Nationwide Health Properties INC				9,188,248	10	0.274
Carnegie Tower Development Co.	32,697,100	2	0.893			
Freebay Holdings LLC	16,272,000	4	0.444			
Carnegie Abbey Club Acquisitions ILP	12,266,200	7	0.335			
CCA Financial LLC	10,435,600	8	0.285			
Edward Zucker Trustee of Bay View Realty	9,075,100	9	0.248			
TOTAL	\$ 188,144,500		5.138	\$ 230,489,790		6.865

Source: Town of Portsmouth Tax Assessor Office

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Property Tax Levies and Collections
Last 10 Years
 (Unaudited)

Fiscal Year Ended June 30	Taxes Levied	Collection within the Fiscal Year of the Levy		Total Collections to Date as of 6/30/2018	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2009	40,361,114	38,595,827	95.63%	40,172,728	99.53%
2010	42,275,881	40,486,044	95.77%	42,085,304	99.55%
2011	44,171,990	41,146,530	93.15%	43,880,338	99.34%
2012	45,807,376	43,913,817	95.87%	45,604,015	99.56%
2013	46,892,536	45,436,722	96.90%	46,813,427	99.83%
2014	48,021,888	46,165,831	96.13%	47,901,430	99.75%
2015	49,187,965	47,811,260	97.20%	47,910,226	97.40%
2016	49,815,131	48,589,909	97.54%	48,668,559	97.70%
2017	50,971,055	49,443,601	97.00%	49,507,232	97.13%
2018	52,436,990	50,871,776	97.02%	50,936,258	97.14%

Source: Town of Portsmouth Tax Assessor Office

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Ratio of Net Bonded Debt Outstanding by Type
 Last 10 Years
 (Unaudited)

Fiscal Year June 30	Governmental Activities			Business-type Activities		Total	Percentage of Personal Income	Personal ^{1,3} Income	Net Bonded Debt per Capita	Population ^{1,2}	Taxable Assessed Value	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine, Transfer Station & Septic Loan								
2009	10,425,700	6,345,000	-	2,826,667	19,597,367	0.2127%	41,690	1,129	17,365	3,661,474,929	0.5352%	
2010	11,083,082	5,825,000	-	2,622,667	19,530,749	0.2156%	42,099	1,123	17,389	3,705,159,855	0.5271%	
2011	12,139,282	5,305,000	36,336	2,422,952	19,903,570	0.2109%	41,968	1,147	17,348	3,829,725,644	0.5197%	
2012	11,179,482	4,785,000	22,010	2,394,238	18,380,730	0.2261%	41,554	1,063	17,293	3,241,923,705	0.5670%	
2013	9,991,411	4,270,000	53,242	2,160,212	16,474,865	0.2721%	44,821	953	17,293	3,242,178,307	0.5081%	
2014	8,094,182	4,880,000	-	1,926,325	14,900,507	0.3015%	44,920	862	17,293	3,257,969,891	0.4574%	
2015	7,898,655	4,380,000	-	1,692,439	13,971,094	0.3215%	44,920	808	17,293	3,076,103,172	0.4542%	
2016	10,413,426	3,685,000	564,798	628,574	15,291,798	0.2938%	44,920	883	17,315	3,113,434,006	0.4912%	
2017	21,437,532	3,195,000	978,110	529,468	26,140,110	Unavailable	Unavailable	1,510	17,315	3,145,004,989	0.8312%	
2018	20,269,465	2,705,000	1,177,422	648,044	24,799,931	Unavailable	Unavailable	1,432	17,315	3,366,696,071	0.7366%	

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Ratio of Net Bonded Debt Outstanding
Last 10 Years
 (Unaudited)

Fiscal Year June 30	Governmental Activities			Business-type Activities		Total	Personal ^{1,3} Income	Percentage of Personal Income	Population ^{1,2}	Per Capita	Taxable Assessed Value	Percentage of Taxable Assessed Value of Property
	General Obligation Bonds	RIHEBC	Capital Leases	Wind Turbine & Transfer Station								
2009	10,425,700	6,345,000	-	2,826,667		19,597,367	41,690	0.2127%	17,365	1,129	3,661,474,929	0.5352%
2010	11,083,082	5,825,000	-	2,622,667		19,530,749	42,099	0.2156%	17,389	1,123	3,705,159,855	0.5271%
2011	12,139,282	5,305,000	36,336	2,422,952		19,903,570	41,968	0.2109%	17,348	1,147	3,829,725,644	0.5197%
2012	11,179,482	4,785,000	22,010	2,394,238		18,380,730	41,554	0.2261%	17,293	1,063	3,241,923,705	0.5670%
2013	9,991,411	4,270,000	53,242	2,160,212		16,474,865	44,821	0.2721%	17,293	953	3,242,178,307	0.5081%
2014	8,094,182	4,880,000	-	1,926,325		14,900,507	44,920	0.3015%	17,293	862	3,257,969,891	0.4574%
2015	7,898,655	4,380,000	-	1,692,439		13,971,094	44,920	0.3215%	17,293	808	3,076,103,172	0.4542%
2016	10,413,426	3,685,000	564,798	628,574		15,291,798	44,920	0.2938%	17,315	883	3,113,434,006	0.4912%
2017	21,437,532	3,195,000	978,110	529,468		26,140,110	Unavailable	Unavailable	17,315	1,510	3,145,004,989	0.8312%
2018	20,269,465	2,705,000	1,177,422	648,044		24,799,931	Unavailable	Unavailable	17,315	1,432	3,366,696,071	0.7366%

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Legal Debt Margin Information
Last 10 Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assessed Value	\$ 3,661,474,929	\$ 3,705,159,855	\$ 3,829,725,644	\$ 3,241,923,705	\$ 3,242,178,307	\$ 3,257,969,891	\$ 3,076,103,172	\$ 3,113,434,005	\$ 3,145,004,989	\$ 3,366,696,071
RI General Law Debt Limitation as % of Assessed Value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Limit	109,844,248	111,154,796	114,891,769	97,257,711	97,265,349	97,739,097	92,283,095	93,403,020	94,350,150	101,000,882
Total Debt Applicable to Limit General Obligation Bonds	16,343,436	19,530,749	19,867,234	18,358,720	16,421,623	14,900,507	13,971,094	14,727,000	25,162,000	23,622,509
Legal Debt Margin	\$ 90,246,881	\$ 91,624,047	\$ 95,024,535	\$ 78,898,991	\$ 80,843,726	\$ 82,838,590	\$ 78,312,001	\$ 78,676,020	\$ 69,188,150	\$ 77,378,373
Total Net Debt Applicable to the Limit as % of Debt Limit	18.11%	21.32%	20.91%	23.27%	20.31%	17.99%	17.84%	18.72%	36.37%	30.53%

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Demographic and Economic Statistics
Last 10 Years
 (Unaudited)

Fiscal Year	School	Poverty Population***				Per Capita Income***		Unemployment Rate**			
		June 30	Population ^{1,2}	Enrollment ⁴	Portsmouth ¹	RI ¹	US ¹	Portsmouth ^{1,3}	RI ¹	Portsmouth ³	RI ³
2009		17,365	2,800	1,064	118,618	39,537,240	41,690	28,772	8.80%	10.90%	9.30%
2010		17,389	2,859	1,064	123,396	40,917,513	42,099	27,667	9.80%	11.70%	9.60%
2011		*17,348	2,796	1,064	129,454	42,739,924	41,968	29,277	9.80%	11.20%	9.60%
2012		*17,293	2,715	1,257	133,462	44,852,527	41,554	29,389	8.60%	10.30%	8.10%
2013		17,372 3	2,658	1,331	137,244	46,663,433	44,821	30,748	8.20%	9.50%	7.40%
2014		17,379 3	2,647	1,355	143,996	47,755,606	44,920	30,830	6.80%	7.70%	6.10%
2015		17,332 3	2,532	1,003	146,825 6	46,153,077 6	44,920	30,765	4.70%	6.00%	5.30%
2016		17,344 3	2,445	Unavailable	Unavailable	Unavailable	44,920	33,008	4.80%	5.30%	4.90%
2017		17,344 3	2,464	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
2018		17,344 3	2,464	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

¹ US Census Bureau

² RI Department of Planning

³ RI Department of Labor & Training

⁴ Portsmouth School Department

⁵ US Bureau of Labor Statistic

* 7/1/2012 resident population estimate per RIDOP

** Not seasonally adjusted

*** Estimated by the US Census Bureau

<http://www.dlt.ri.gov/lmi/laus/town/portsmouth.htm>

<http://www.dlt.ri.gov/lmi/laus/state/unadj.htm>

<http://data.bls.gov/timeseries/LNS14000000>

⁶ RI SPP 20-year population projections, available at <http://www.planning.ri.gov/geodeminfo/data/popprojections.php>

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Principal Employers
Current and 10 Years Ago
 (Unaudited)

<u>Employer</u>	2018		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total <u>Employment</u>
Raytheon Company	1,250	1	22.12%
Talaria Company LLC	205	2	3.63%
Clements Market Place Inc.	147	3	2.60%
Visiting Nurse Srvc of Newport & Bristol Counties	135	4	2.39%
Order of St. Benedict	130	5	2.30%
New England Boatworks	100	6	1.77%
Hodges Badge Co. Inc.	99	7	1.75%
Albin Manufacturing Corp	90	8	1.59%
Image Award Ribbons	75	9	1.33%
All Island Landscape, Inc.	50	10	0.88%

Source:
 greaterri.com

Note:
 Information from 10 years ago was not readily available

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Full -Time Employees Equivalent by Town Department
 Last 10 Years
 (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Government:										
Council	7	7	7	7	7	7	7	7	7	7
Administration	2	2	2	2	2	2	2	2	2	2
Town Clerk	4	4	4	4	3	3	2	3	4	3
Canvassing	1	1	1	1	1	1.5	1.5	1.5	2	2
Finance/Personnel	5	5	5	5	5	5	5	5	5	5
Tax Assessment/Collection	5	5	5	5	4	5	5	5	5	5
Planning and Development	1.5	1.5	1.5	1.5	1.5	1.5	2.5	3.5	4	4
Building Inspection/Zoning	2.5	2.5	2.5	2.5	2.5	3	3	2	3	3
Total General Government	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>26</u>	<u>28</u>	<u>28</u>	<u>29</u>	<u>32</u>	<u>31</u>
Public Safety:										
Police	34	32	32	31	31	30	33	34	36	37
Harbormaster	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Prudence Island Public Safety	1	1	1	1	1	1	1	1	1	1
Animal Control	1	1	1	1	1	1	1	1	1	1
Fire	36	33	33	34	35	34	34	35	36	38
Total Public Safety	<u>72.5</u>	<u>67.5</u>	<u>67.5</u>	<u>67.5</u>	<u>68.5</u>	<u>66.5</u>	<u>69.5</u>	<u>71.5</u>	<u>74.5</u>	<u>77.5</u>
Public Health:										
Public Works	17	16	16	16	16	16	16	15	19.5	18.5
Total Public Health	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>15</u>	<u>19.5</u>	<u>18.5</u>
Public Welfare:										
Parks and Recreation	5	5	5	5	5	5	5	12	9	12
Total Public Welfare	<u>5</u>	<u>12</u>	<u>9</u>	<u>12</u>						
Public Education:										
Teachers	245	239	230.9	227.6	219.9	223	210	210	220	217
Pupil Support	105.1	104.5	101.5	101.6	101.6	103	75	75	75	88
Executive and Administrative	15	16	15.5	14.5	15	16	16	16	16	14.5
Total Public Education	<u>365.1</u>	<u>359.5</u>	<u>347.9</u>	<u>343.7</u>	<u>336.5</u>	<u>342</u>	<u>301</u>	<u>301</u>	<u>311</u>	<u>319.5</u>
Total	<u>487.6</u>	<u>476</u>	<u>464.4</u>	<u>460.2</u>	<u>452</u>	<u>457.5</u>	<u>419.5</u>	<u>428.5</u>	<u>446</u>	<u>458.5</u>

Source: Town of Portsmouth Finance & Personnel Office

See independent auditor's report

Town of Portsmouth, Rhode Island
Statistical Section
Operator Indicators by Function
Last 10 Years
(Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Building permits issued	672	586	604	616	682	612	535	788	803	755
Number of inspections made	1,440	1,041	1,554	1,795	1,852	2,304	2,210	2,188	1,416	1,827
Town Clerk:										
Number of transactions										
Beverage licenses	30	34	34	30	31	32	35	35	35	35
Dog licenses	1,671	1,676	1,834	1,589	1,608	1,651	1,652	1,584	1,714	1,735
Other licenses	188	174	149	166	160	213	209	191	143	143
Vital records	1,089	1,128	1,134	1,355	1,135	1,372	1,050	1,038	1,138	1,082
Land evidence	4,616	4,530	4,160	5,156	4,701	3,631	4,227	4,145	4,532	4,830
Probate cases	87	88	93	79	104	100	92	105	157	153
Public Safety:										
Number of police personnel and officers	34	32	32	31	31	30	33	35	34	34
Number of arrests	606	649	540	513	552	586	714	798	745	511
Number of parking violations	101	163	25	41	41	47	74	118	43	66
Number of traffic violations	2,714	2,169	1,520	1,828	2,120	2,344	1,987	3,128	3,500	5,911
Number of fatal car crashes	3	-	1	3	3	1	-	-	1	1
Number of motor vehicle accidents	164	140	137	149	149	159	159	147	153	527
Number of paid firefighters	36	33	33	34	35	34	34	35	35	35
Number of fire emergency responses	623	839	732	741	751	755	679	629	643	909
Number of fires extinguished	91	98	102	133	118	134	88	34	32	39
Number of ambulance calls	1,765	1,786	1,792	1,837	1,945	1,884	1,924	2,057	2,211	2,010
Public Works:										
Number of streets paved	-	9	6	-	15	26	27	20	17	15
Inches of snow removed (accumulative)	41	34	43	14	42	50	69	31	41	46
Tons collected and disposed:										
Solid waste	6,484	4,672	4,692	4,718	4,004	3,955	4,327	4,145	4,404	3,091
Metal, Matress, Tires	178	154	145	197	117	189	211	182	1,029	1,029
Recycleable	1,666	1,958	2,048	1,924	1,931	2,134	1,981	1,257	1,101	1,304
Number of Christmas trees pickup					1,378	1,433	1,390	1,355	1,330	1,147
Wastewater										
Catch basins cleaned	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+	2,750+
Number of new street signs	140	108	154	86	109	41	145	60	80	80

Source: Various Town Departments
<http://www.city-data.com>

See independent auditor's report

Town of Portsmouth, Rhode Island
 Statistical Section
 Capital Asset Statistics by Function
Last 10 Years
 (Unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	2
Public Safety:										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Number of Public Works buildings	2	2	2	2	2	2	2	2	2	2
Number of Transfer Station	1	1	1	1	1	1	1	1	1	1
Miles of streets	111	111	111	111	111	111	111	111	111	111
Miles of storm water drains	49	49	49	49	49	49	49	49	49	49
Water:										
Miles of water mains	126+	126+	127+	129+	129+	130+	130+	130+	130+	130+
Number of fire hydrants	564	564	567	574	581	578	581	581	581	581
Recreations and Parks:										
Number of parks and recreation facilities	17	17	17	17	17	17	17	17	17	17
Acres of parks and recreation facilities	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98	354.98

Source: Various Town Departments

<http://www.city-data.com>

<http://www.portsmouthwater.org>

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